



RIO DELL CITY COUNCIL
VIRTUAL MEETING AGENDA
REGULAR MEETING - 6:30 P.M.
TUESDAY, APRIL 6, 2021
CITY COUNCIL CHAMBERS
675 WILDWOOD AVENUE, RIO DELL

WELCOME - Copies of this agenda, staff reports and other material available to the City Council are available at the City Clerk's office in City Hall, 675 Wildwood Avenue and available on the City's website at cityofriodell.ca.gov. Your City Government welcomes your interest and hopes you will attend and participate in Rio Dell City Council meetings often.

**SPECIAL PUBLIC HEALTH EMERGENCY ALTERATIONS TO MEETING FORMAT
CORONAVIRUS (COVID-19)**

Due to the unprecedented public health threats posed by COVID-19 and the resultant need for social distancing, changes to the City Council meeting format are required. Executive Order N-25-20 and N-29-20 from Governor Gavin Newsom allow for telephonic Council meetings of the City Council and waives in-person accessibility for Council meetings, provided that there are other means for the public to participate. Therefore, and effective immediately, and continuing only during the period in which state or local public health officials have imposed or recommended social distancing measures, the Rio Dell City Council will only be viewable via livestreaming through our partners at Access Humboldt via their YouTube channel or Suddenlink channels on Cable TV.

Public Comment by Email:

In balancing the health risks associated with COVID-19 and need to conduct government in an open and transparent manner, public comment on agenda items can be submitted via email at publiccomment@cityofriodell.ca.gov. Please note the agenda item the comment is directed to (example: Public Comments for items not on the agenda) and email no later than one hour prior to the start of the Council meeting. Your comments will be read out loud, for up to three minutes.

Meeting can be viewed on Access Humboldt's website at <https://www.accesshumboldt.net/>. Suddenlink Channels 10, 11 & 12 or Access Humboldt's YouTube Channel at <https://www.youtube.com/user/accesshumboldt>.

Zoom Public Comment:

When the Mayor announces the agenda item that you wish to comment on, call the conference line and turn off your TV or live stream. Please call the toll-free number **1-888-475-4499**, enter meeting **ID 987 154 0944** and press star (*) 9 on your phone – this will raise your hand. You will continue to hear the meeting on the call. When it is time for public comment on the item you wish to speak on, the Clerk will unmute your phone. You will hear a prompt that will indicate your phone is unmuted. Please state your name and begin your comment. You will have 3 minutes to comment.

- A. CALL TO ORDER
- B. ROLL CALL
- C. PLEDGE OF ALLEGIANCE
- D. CEREMONIAL MATTERS
- E. PUBLIC PRESENTATIONS

This time is for persons who wish to address the Council on any matter not on this agenda and over which the Council has jurisdiction. As such, a dialogue with the Council or staff is not allowed under the Ralph M. Brown Act. Items requiring Council action not listed on this agenda may be placed on the next regular agenda for consideration if the Council directs, unless a finding is made by at least 2/3 of the Council that the item came up after the agenda was posted and is of an urgency nature requiring immediate action. Please limit comments to a maximum of 3 minutes.

F. CONSENT CALENDAR

The Consent Calendar adopting the printed recommended Council action will be enacted with one vote. The Mayor will first ask the staff, the public, and the Councilmembers if there is anyone who wishes to address any matter on the Consent Calendar. The matters removed from the Consent Calendar will be considered individually following action on the remaining consent calendar items.

- 1) 2021/0406.01 - Approve Minutes of the March 16, 2021 Regular Meeting **(ACTION)** 1
- 2) 2021/0406.02 - Approve Minutes of the March 25, 2021 Special Meeting **(ACTION)** 18
- 3) 2021/0406.03 - Authorize Mayor to Sign Letter of Opposition to SB 556 Related to Wireless Broadband **(ACTION)** 20
- 4) 2021/0406.04 - Approve Recommendation from Rio Dell Sculpture Committee Denying Mr. McCauley's Offer Regarding an Annual Visit and Completion of Two Sculptures **(ACTION)** 24
- 5) 2021/0406.05 - Approve Resolution No. 1485-2021 Designating the City Manager as the Authorized Representative to File for Financial Assistance with the State Water Resources Control Board for Water Distribution System Upgrades **(ACTION)** 27

- 6) 2021/0406.06 - Approve Resolution No. 1486-2021 Authorizing the Purchase of New Public Refuse and Recycling Cans and Adjusting Budget Accordingly **(ACTION)** 31

G. ITEMS REMOVED FROM THE CONSENT CALENDAR

H. REPORTS/STAFF COMMUNICATIONS

- 1) 2021/0406.07 - City Manager/Staff Update **(RECEIVE & FILE)** 39

I. SPECIAL PRESENTATIONS/STUDY SESSIONS

- 1) 2021/0406.08 - Presentation by JJA, Inc. on the City's Audited Financial Statements and Accompanying Information for Fiscal Year 2019-2020 **(RECEIVE & FILE)** 45

J. SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

- 1) 2021/0406.09 - Provide Staff Direction Related to 2020 CalOES PSPS Resiliency Allocation **(DISCUSSION/POSSIBLE ACTION)** 145
- 2) 2021/0406.10 - Discussion of Cost Recovery for the Abatement of 483 Fourth Ave. **(DISCUSSION/POSSIBLE ACTION)** 148

K. ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

- 1) 2021/0406.11 - Introduction/First Reading (by title only) of Ordinance No. 384-2021 Amending the Existing Street Dedication and Improvement Regulations, Section 17.30.310(2) and (6) of the Rio Dell Municipal Code (RDMC) **(DISCUSSION/POSSIBLE ACTION)** 151
- 2) 2021/0406.12 - Introduction/First Reading (by title only) of Ordinance No. 385-2021 Amending Section/Table 17.20.070 of the Rio Dell Municipal Code and Resolution No. 1484-2021 Amending Table 1-2 of the Land Use Plan to exclude agricultural structures in the Lot Coverage Calculation provided the applicant executes a Surety Bond to ensure the removal of all abandoned greenhouses on concrete slabs so as not to exceed the 10% Lot Coverage within two years of the cessation of Commercial use of the structures **(DISCUSSION/POSSIBLE ACTION)** 162

- 3) 2021/0406.13 - Introduction/First Reading (by title only) of Ordinance No. 386-2021 Establishing Industrial Hemp Regulations Banning the Cultivation of Industrial Hemp in the City, Section 17.30.180 of the Rio Dell Municipal Code and Renumbering General Provisions and Exceptions, Sections 17.30.010-17.30.370 to Accommodate the Proposed Industrial Hemp Regulations **(DISCUSSION/POSSIBLE ACTION)** 182

L. COUNCIL REPORTS/COMMUNICATIONS

M. ADJOURNMENT

*The next regular City Council meeting is scheduled for
Tuesday, April 20, 2021 at 6:30 p.m.*

**RIO DELL CITY COUNCIL
REGULAR MEETING MINUTES
MARCH 16, 2021**

The regular "virtual" meeting of the Rio Dell City Council was called to order at 6:30 p.m. by Mayor Garnes.

ROLL CALL: Present: Mayor Garnes, Mayor Pro Tem Johnson, Councilmembers
Carter, Wilson and Woodall

Others Present: City Manager Knopp, Chief of Police Conner, Finance
Director Dillingham, Water/Roadways Superintendent
Jensen, Wastewater Superintendent Taylor and City
Clerk Dunham

Absent: Community Development Director Caldwell

CEREMONIAL MATTERS

Proclamation Recognizing City Employees for their Service and Dedication to the Citizens of Rio Dell throughout the COVID-19 Pandemic

Mayor Garnes began by thanking all essential workers including the Fire Department and read the Proclamation expressing the City Council's thanks and gratitude to City staff for their service and dedication to the citizens of Rio Dell throughout the COVID-19 pandemic.

PUBLIC PRESENTATIONS

Mayor Garnes asked if there were any public comments received.

City Clerk Dunham said that there was one public comment received unrelated to an agenda item which she then read. The comment was from Bruce Cattle, 570 Gunnerson Lane and read as follows:

Artist Dan McCauley's request for an open-ended yearly visit to Rio Dell, financed by the City, to make metal sculptures is interesting. If the City decides it needs more sculptures they can be commissioned and purchased. Consider surveying the residents. I doubt there will be much support.

CONSENT CALENDAR

Mayor Garnes asked if any councilmember, staff or member of the public, would like to remove any item from the consent calendar for separate discussion. No items were removed.

MARCH 16, 2021 MINUTES
Page 2

Motion was made by Woodall/Carter to approve the Consent Calendar including approval of Minutes of the March 2, 2021 Regular meeting, approval of Minutes of the March 8, 2021 Special meeting, approval of appointment of Jim Brickley to the Nuisance Advisory Committee, approval of Resolution No. 1483-2021 approving the placement of informational kiosks on City property, and to receive and file the Check Register for February 2021. Motion carried 5-0.

REPORTS/STAFF COMMUNICATIONS

City Manager/Staff Update

City Manager Knopp provided highlights of the staff update and said that the request for bids on the 2021 Street Projects were issued, and the Ad Hoc Committee for the garbage receptacles would be presenting a proposal to the Council, hopefully at the April 6th regular meeting.

Mayor Pro Tem Johnson asked for the date of the bid opening for the street projects.

City Manager Knopp indicated that it would take place on April 2nd or 3rd.

Councilmember Carter referred to the Police Department Update and the new stop data presented related to gender and race and asked what the police department would be doing with that data.

Chief of Police Conner explained that the Department has started collecting stop data as required by the Race and Identity Profiling Act of 2015 and will be supplying the data to the Department of Justice (DOJ) beginning next year. The information will be available on DOJ's website and police departments would be studied to determine any potential problems with regard to identity profiling.

Councilmember Wilson commended Chief Conner for providing police updates that are entertaining and pleasurable to read.

Councilmember Woodall asked when the new police vehicles would be arriving.

Chief Conner responded that two (2) new Ford Explorers were picked up today and were sitting in the City Hall parking lot.

Councilmember Woodall said that she noticed three (3) public works workers mowing the triangle with push mowers and asked if there was a problem with the City's riding lawnmower.

Water/Roadways Superintendent Jensen explained that the push mowers were used to avoid tearing up the ground with the riding mower due to the ground being wet.

Mayor Garnes asked for an update on replacement of the Gateway Sign.

City Manager Knopp explained that the replacement of the sign started last year but the sign company doing the work had trouble replicating the exact design so staff is now working with the artist that originally designed it and another sign company to do the work.

SPECIAL PRESENTATIONS/STUDY SESSIONS

Public Workshop – Discussion on Solid Waste and Opportunity for Mandatory Universal Collection - Presentation by Recology Eel River

City Manager Knopp began with an introduction of the proposed program and said that at the March 2, 2021 regular meeting, the Council approved a calendar of meeting dates to move forward with the consideration of Mandatory Universal Collection. As suggested by the Council, staff sent out an Every Door Direct Mailing (EDDM) to all residents notifying them of tonight's public workshop so they could participate in the process. He said that the idea is to gather information and input from the Council and the community and come back at the next public workshop with answers to any questions received.

He pointed out that Universal Collection would aid the community in meeting and exceeding State recycling/waste diversion mandates, reduce illegal dumping, nuisance conditions and public health concerns in the City. He pointed out that the number one complaint in the City is related to nuisance abatement and litter impacting neighborhoods and creating public health and safety concerns.

In 2019, the Rio Dell Nuisance Advisory Committee received a briefing from Recology Eel River on the implementation of Universal Collection and was supportive of the idea. He explained that the major hurdle with Universal Collection is related to cost since significant investment must be made by Recology in order to execute the program including new trucks and standardized garbage and recycling receptacles. He said that with Rio Dell's small subscriber base of approximately 1,400 subscribers, it would not be economically feasible to adopt the program on its own and participation of Ferndale and Fortuna would dramatically increase the subscriber base thereby spreading out fixed costs and creating a potentially viable option for Rio Dell to consider moving in the direction of Universal Collection.

City Manager Knopp noted that Linda Wise, General Manager of Recology Eel River was present to provide a power point presentation on Universal Collection.

He began the presentation with the Overview of Universal Collection and Overview of Services with a comparison between current services and proposed services. The proposed services included the required subscription of Municipal Solid Waste (MSW), every other week (EOW) recycling, two (2) free bulky item pickups, a 96-gallon recycling container, every other week optional green waste pickup, a 20% discount for seniors or low-income subscribers, and clean-up bins for river bar clean-ups.

MARCH 16, 2021 MINUTES
Page 4

Linda Wise continued with review of Impact of Proposed Rate Adjustments. She said that the first question usually asked is what the service is going to cost the customer. She explained that certain key customers would actually see a decrease in monthly rates while current self-haul customers would not only save time with weekly collection but would pay \$2.68 less per month on average. Customers moving from a 32-gallon garbage can to a 20-gallon can would save approximately \$4.25 per month. The proposed residential rate for a 32-gallon can went from \$28.59/month to \$30.48/month representing an increase of \$1.89. She noted that rates would not become effective until the service actually begins.

She asked everyone to keep in mind that the current recycling containers are 64-gallon and the new recycling containers would be 96-gallon. The other advantage to subscribers is the two (2) free bulky item pickups.

Linda continued with review of the Humboldt County Rate Comparison of residential and commercial rates and franchise fee percentages between Eureka, Arcata and Rio Dell. She pointed out the difference in franchise fees with Eureka at 9%, Arcata at 10% and Rio Dell at only 5% which is added into the rates. She commented that the proposed rates are based on the assumptions that both Ferndale and Fortuna would be moving forward with universal collection along with Rio Dell.

Mayor Garnes called for questions from the Council on this portion of the presentation.

Councilmember Wilson asked Linda if the discussion would include SB 1383 legislation.

Linda said that SB-1383 would be discussed later on in the presentation along with other regulatory drivers.

Mayor Pro Tem Johnson commented that the estimated rates are based on certain additions in Recology's rolling stock and asked how many new articulating arm trucks are being proposed over the next ten years.

Linda commented that they would eventually purchase four new trucks and that the cost of the truck for Rio Dell alone is \$350,000. She said that the larger fixed costs such as trucks would be spread out over 10 years.

Mayor Garnes asked if the second employee on the route emptying garbage cans into the truck would be out of a job or if he would be trained to drive the truck.

Linda indicated that they would be offering those employees training to obtain a commercial license or placement in other positions if available.

MARCH 16, 2021 MINUTES
Page 5

City Manager Knopp continued with review of Drivers Toward Universal Collection and said that Nuisance Abatement is a main driver and one of the City Council's highest priorities and investment in nuisance and code enforcement issues. He said that creating an attractive community leads to more investment, higher community pride, lower crime and a generally safer, cleaner environment. He said that universal mandatory collection also significantly reduces issues with illegal dumping and eliminates the reason to accumulate trash. The City's Community Services Officer's main focus has been on nuisance issues. The public works staff was recently pulled off of their regular duties to clean up a property that was issued an abatement warrant which is not only time consuming but costly.

City Manager Knopp said that with regard to Regional Efficiencies, Rio Dell has an opportunity to realize cost savings by implementing universal collection in a collaborative effort with Fortuna and Ferndale. Current subscribers pay for the City's public bins and other solid waste programs and universal collection would mean that community related garbage expenses would be paid for by all properties, making the program more equitable.

Discussion continued regarding Regulatory Drivers including AB 341, AB 1826, AB 939 and SB 1383.

City Manager Knopp commented that the goal over the past years has been to get non-trash items out of the landfill. One of the main issues that communities have been grappling over is AB 939 which required that each city or county achieve 50% diversion by 2000. SB 1383 establishes targets to achieve a 75% reduction in landfilled organic waste by 2025.

Under Cal Recycle's numbers, Rio Dell is required to achieve a diversion of 2.1 pounds of waste per day per household and according to the last report in 2019, the average amount diverted was 2.2 which is just under the threshold. If the City goes below that, it risks the chance of being fined which drives the cost up for everyone. The 75% diversion target is a goal now but is expected to become a mandate for all cities and counties in California. He noted that California tends to go over and beyond Federal guidelines so Rio Dell is obligated to develop an efficient strategy to meet that goal/mandate.

Linda continued with review of SB 1383 Key Implementation Dates. She explained that the dates apply to Fortuna and that they have a tighter timeline than Rio Dell or Ferndale due to the size of the city. She said that SB 1383 regulations take effect on January 1, 2022 and the State begins enforcement followed by the requirement for local governments to take enforcement by January 1, 2024. January 1, 2025 was the date set for compliance with 75% reduction in organics disposal and 20% increase in edible food recovery. She said that those compliance dates will eventually trickle down to the smaller jurisdictions.

Next was a 3-minute U-Tube video on SB 1383 followed by an overview of requirements for Organic Waste Collection Services under SB 1383.

MARCH 16, 2021 MINUTES
Page 6

The last portion of the presentation included a review of the Universal Collection timeline for Rio Dell with the next public workshop scheduled for April 20, 2021, followed by the first public hearing on the draft ordinance on June 1, 2021, the second public hearing on June 15, 2021 and potential program implementation scheduled for January 1, 2023.

Linda said that once the public hearings are over and amendments to the franchise agreement and rates are approved, they will have the green light to order trucks.

City Manager Knopp said the considerations for Council include the term of the contract (10 years or more), a senior vs. low-income discount (currently at 20% but can go higher), and other considerations such as Street Sweeping Services or possible exclusions. He noted that it may be beneficial for all of the cities to have contracts expire around the same time. He recommended taking a look at Fortuna's timeline and adopt a similar timeline for the City's term of contract.

Mayor Garnes opened the public hearing to receive public comment and asked if there were any hands raised to speak or any public comments received via email.

City Clerk Dunham announced that there were three (3) emails received which she then read.

The first comment was from Ranada Laughlin in support of Universal Collection (included with these minutes as Attachment 1).

The second comment was from Doug Dinsmore expressing his concerns (included with these minutes as Attachment 2).

The third comment was from "A Proud Rio Dell River Rat" also expressing concerns about the program as proposed (included with these minutes as Attachment 3).

Alice Millington said that universal collection was a great idea but was initially concerned about the financial impact to residents during the pandemic. Since it was explained that the program wouldn't start until January 2023, she supported moving forward with implementation of the program.

There being no further public comment, the public hearing closed. Mayor Garnes then called for comments from the Council.

Councilmember Carter thanked everyone who provided public comment and said that this is something that impacts the entire community and that she appreciated the input.

Councilmember Woodall said that she watched a video with Humboldt Waste Management Authority (HWMA) on SB 1383 and noted that the requirements are really overwhelming. She commented that one of the things pointed out in the video was that having universal

MARCH 16, 2021 MINUTES

Page 7

collection would check off some of the requirements for Rio Dell. She mentioned the waivers for small cities concerning AB 1383 and mandatory organics recycling and asked at what point those waivers would no longer be granted.

Linda explained that in regard to the smaller populated areas, the State has already identified Fortuna, Ferndale, Rio Dell, Blue Lake and Trinidad as cities qualified for waivers but somebody in the City would need to apply for the waiver. The waivers are for two (2) years and they are looking at allowing two waivers for each of the smaller communities. At the end of that time, the State would put the agencies on a Corrective Action Plan and require compliance over a certain amount of time. The City would basically have six (6) years before being forced to comply, although that is not guaranteed.

Councilmember Woodall then referred to the ordinance and said that she understands that each residence would be billed for service but asked what happens when someone fails to pay and whether they have services discontinued or not, and if the responsibility to collect would be up to the City or Recology.

Linda explained that the way it currently runs with the Cities of Eureka and Arcata is that they bill in 3-month cycles so the subscriber has the entire 3 months to pay. If the bill is not paid, it then becomes delinquent and if a bill is not paid for an entire year, they send a notice (if it applies to a tenant) that they would be notifying the property owner. Their ability to collect delinquent bills is through the lien process. A list of delinquent accounts is then sent to the City Manager and reviewed by the City Council before the list is forwarded to the County Recorder for collection. At this point customers are given the opportunity to dispute the charges. In her experience, they are able to settle approximately 75% of the problems before it gets to that point and the liens are only put on property taxes as a last resort.

She noted that they are not allowed to stop service unless the City directs them to do so. She said that there are instances when a resident moves, or is on vacation and fails to notify Recology and is billed for services they did not receive, they will reverse those charges. She clarified that the property owners are ultimately responsible for the charges and they encourage landlords to include those charges in the rent.

Councilmember Woodall said that she had read in one of the other City's ordinances that a customer could notify the garbage company when their house was to be unoccupied for two months or more and they would receive a waiver of fees for those months. She asked if the City would need to verify that the residence was vacant for those months.

Linda said that the driver keeps a log of what cans get picked up and ones that don't and if a property appears to be vacant.

MARCH 16, 2021 MINUTES
Page 8

Councilmember Woodall asked if the program would start with all three (3) receptacles or if a customer could choose which service they wanted, and if all cans would be the same size.

Linda explained that each residence would have either a 32-gallon or 20-gallon can for garbage and a 96-gallon recycling receptacle with an option for green waste collection.

Councilmember Woodall then asked a question on behalf of a local resident and asked why rates would increase with a 50% increase in the subscriber base.

Linda explained that the economy of scale was factored into the proposed rates and that they would be really transparent on how they arrive at the rate and would line out what the costs are in providing the program which the City Manager and City Council will be able to look at. The proposed rates are based on the assumptions outlined earlier and they would line out the costs to show exactly how much margin Recology would be making. She explained that approximately 40% of the garbage bill goes toward disposal and that's just how much they have to pay to take it to the landfill outside the county. They are suggesting about a 10% margin for Recology on collection but they are not charging that on disposal or on the recycling processing fee. As it turns out, they are only making about 6% return. She wanted to make that clear for the residents of Rio Dell so they can see where the costs are derived from.

Councilmember Woodall asked for confirmation that residents are required to dispose of their trash every 7 days.

Linda responded that State law requires removal of trash every 7 days.

Mayor Garnes asked for clarification that if a tenant moves out and a residence is vacant for 3 months or so, the fees can be waived for that time.

Linda said that the service could be put on hold and again, they fall back on the driver to verify that no cans were picked up during that time in the event the customer forgets to notify them.

Councilmember Wilson asked if organic food waste (under SB 1383) would be put in the same receptacle as garbage.

Linda explained that once organic food waste collections begin, all food waste would be included as green waste.

Councilmember Wilson commented that the ordinance needs to include adequate language to allow for legitimate exemptions for properties that are hard to access by Recology vehicles or where customers would have to cart trash receptacles long distances to a collection point.

MARCH 16, 2021 MINUTES
Page 9

With regard to discount rates for seniors or low-income residents, he suggested waiting to see what the other cities do to see how it weighs in with the overall costs.

Mayor Pro Tem Johnson commented that he has lived in Rio Dell for 42 years and has always had garbage service. He also has a rental unit next to his residence and they combine their garbage and recycling and pays for one service. He asked if that would change with the Universal Collection Program.

Linda explained that this is not uncommon and that they would typically look at whether the residence is on the same parcel or a separate parcel and bill by parcel. Issues with regard to services would likely be straightened out during the first year of the program.

Mayor Pro Tem Johnson noted that the City would enter into a new franchise agreement for a minimum of 10 years and that he looked forward to working out the financial inequities so that the City does not create hardships on seniors or low-income residents.

Mayor Garnes asked for clarification on discounts related to seniors and/or low-income residents.

Linda explained that some seniors are well-off financially so low-income is not necessarily related to age.

Mayor Garnes asked if there were any additional public comments.

Patrick Knight addressed the Council in support of Mandatory Universal Collection. He said he believes it would help to clean up some of the nuisance properties in town and had the experience of living next to a nuisance property himself. He said that they burned trash and had multiple abandoned vehicles on the property and he ended up with a rodent problem and got headaches from breathing the toxic fumes from burning trash. Anything the City can do to minimize blight will encourage new businesses and home buyers in the community.

Michelle, a Rio Dell homeowner said that she currently rents out her home and asked if someone requests the recycling bin, whether the tenant or the property would be billed for that service, assuming that the recycling bin was optional.

Linda explained that garbage collection and recycling is a bundled service and green waste is optional.

Mayor Woodall noted that the City's franchise agreement is due to expire in 2026 and asked at what point would renegotiation of the contract begin.

City Manager Knopp referred to the timeline as presented which reflected contract

negotiations to begin prior to July 1, 2021.

Councilmember Woodall commented that with regard to senior discounts, thought it would be better to only allow discounts for low-income seniors or other low-income residents to avoid it being a gift of public funds.

Mayor Garnes thanked Linda for providing the presentation and being available to answer questions.

City Manager Knopp announced that the power point presentation and other information on Universal Collection was available on the City's website for any interested viewers.

There being no further public comments from the community or the Council, the public hearing was closed at 8:32 p.m. followed by a 5-minute recess.

The meeting reconvened at 8:38 p.m.

Presentation/Update on the Eel River Sustainable Groundwater Management Plan

City Manager Knopp provided a staff report and said that staff has been monitoring the situation since 2015 and has participated in a series of meetings with Humboldt County Public Works and various stakeholders to discuss compliance with the new laws related to the Sustainable Groundwater Management Act (SGMA). He stated that Summer Daugherty from Humboldt County Public Works along with Jack Rice, the County's consultant with Western Resources Strategies were on the line to provide a presentation on the Eel River Valley Groundwater Sustainability Plan and to answer questions.

Summer Daugherty began by providing an outline of the presentation which included Background, Current, and Next Steps for completing the Eel River Valley Groundwater Sustainability Plan.

She said that as the City Manager stated, the City has been engaged in this process for several years and more recently Randy Jensen, the City's Water Superintendent has been working with them to provide information on groundwater pumping and data collection to support the project.

Jack Rice provided a brief update on the geography of the Eel River Valley Groundwater Basin and background on the law. He said that the law was passed by the legislature in 2014 and the purpose is to make sure than groundwater maintains sustainable and groundwater pumping is not causing unreasonable results. The goal is to implement it locally but there is a State backstop if the local efforts are not sufficient.

He reviewed the process and said that step 1 is to form a Groundwater Sustainability Agency; Step 2 is to develop a Groundwater Sustainability Plan; and Step 3 is to implement a

Groundwater Sustainability Plan (GSP). He said for the first five years (2014-2019), the County established a Humboldt County working group, and received a grant from Department of Water Resources to collect data. He noted that the County submitted an alternative plan which was ultimately not approved but it did establish a basis to develop the GSP. He said that as of now, the GSP agency has been formed and the County received a \$1.9 million grant to develop a full GSP.

Summer Daugherty continued with an overview of the current work in progress and said that the project team is conducting stakeholder outreach and engagement to provide information about the Sustainable Groundwater Management Act (SGMA) and the process for completing the Eel River Valley Groundwater Sustainability Plan (GSP). She noted that the intent of the data collection is to fill data gaps and support development of a basin water budget. This includes installing 23 groundwater monitoring wells entirely within County road right-of-way, installing flow meters on 6 irrigation wells to understand applied groundwater volume to the basin, installation of the Department of Water Resources weather station which was installed in central Ferndale valley. She said that they would also be monitoring groundwater elevations, water quality, salt water content, and measuring stream flows throughout the year.

She explained that they are looking at the lower reaches of the Eel River and Van Duzen River to identify sensitive areas that could be vulnerable to excessive groundwater pumping. In addition, the project team is developing a sophisticated computer model to describe the movement of groundwater, to describe surface water and groundwater interactions and to describe how these interactions change throughout the year under different circumstances.

She said that they would be sharing more information as it's developed. She said in looking at the big picture, there are three big questions that frame their work. First, does pumping affect river flows during the summer and fall? If the answer is yes, we need to understand how much. She said that they also need to know if pumping causes a significant and unreasonable adverse impact on the beneficial uses of interconnected surface water. The other question is whether pumping causes significant and unreasonable seawater intrusion and how much groundwater can be pumped annually without causing an undesirable result.

Jack Rice continued with next steps and reviewed the timeline for completing the Groundwater Sustainability Plan (GSP). He said that they are continuing to collect data and technical work thanks to the City for allowing them access to the wells to measure flows and waste discharge. He said that they will continue with the technical work and continue the stakeholder engagement and outreach and to develop the Groundwater Sustainability Plan itself.

Councilmember Carter thanked them for the presentation and said that she was very interested in the subject and would research the website for information.

Councilmember Woodall said in addition to the City's wells, the City has a water intake system and receives its drinking water from the Eel River. She asked if the water from the river is considered groundwater.

Summer explained that in the modeling and data collection, they will be able to better understand how surface water and groundwater connect and how groundwater affects surface water.

Mayor Garnes called for public comment. No public comment was received.

Councilmember Wilson asked if existing wells would be used for monitoring or if additional monitoring wells would be needed.

Summer explained that they have been working with Randy Jensen and the Public Works Department and twice yearly the County conducts groundwater elevation monitoring and during those months (April and October) each City provides their groundwater elevation data. She said that they have asked for additional information this year to support the Groundwater Sustainability Plan. They will be out again next month to do additional monitoring of wells.

SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

Approve Council Appointment to the Wildwood Ave. Sculpture Committee

Mayor Garnes said that there was a vacancy on the Wildwood Ave. Sculpture Committee and called for volunteers. Since there were no volunteers from the Council, she volunteered to fill the vacancy as alternate on the committee. Council concurred.

ORDINANCES/SPECIAL RESOLUTIONS

Introduction/First Reading (by title only) of Ordinance No. 384-2021 amending the existing Street Dedication and Improvement Regulations, Section 17.30.310(2) and (6) of the Rio Dell Municipal Code (RDMC)

City Manager Knopp said that this item would be continued to the next regular meeting on April 6, 2021.

COUNCIL REPORTS/COMMUNICATIONS

Mayor Pro Tem Johnson reported on his attendance at a recent Last Chance Grade Stakeholders "Zoom" meeting where they set metrics to decide which options to move forward on and which options to set aside. He said that it was a very productive meeting and that they will have an all four groups meeting in April. What came out of the meeting was that the tunnel option is looking much more attractive while other options are looking much less attractive. They are hoping to be able to get rid of a few options and maybe narrow it down to a couple of options.

MARCH 16, 2021 MINUTES
Page 13

Councilmember Carter said that she had not attended any big committee meetings since the last Council meeting but did have a couple of Ad Hoc meetings; one for the trash containers and one for the Chamber kiosks. She reported that she did go on a ride-along with Community Service Officer Matthews which she said was fun and very telling at the same time. She commended her for doing a great job and looked forward to another ride-along. She also reminded everyone of the next Nuisance Advisory Committee meeting to be held the following day at 3:00 p.m.

Councilmember Woodall reported that she attended the monthly Fire Department meeting for the first time since being appointed as the City's representative. She said that the Fire Department keeps really busy and reviewed the following statistics for January for a total of 69 calls:

• Medical Aid	-	35
• False Alarms	-	9
• Fire Debris	-	1
• Public Arrest	-	5
• Fires	-	1
• Fire in Vehicle	-	1
• Hazard Condition	-	9
• Traffic Collision	-	3
• Traffic Collision Assist	-	1
• Pet Rescue	-	1
• Meetings and Drills	-	2

She said they also talked about looking into an Emergency Response Team.

She also reported that she attended a Nuisance Advisory Committee meeting last month which went well and was happy with the progress toward nuisance abatement. She extended a thank you to Jim Brickley for volunteering to serve on the committee.

Councilmember Wilson reported on his attendance at the last Humboldt Waste Management Authority (HWMA) meeting and said that they talked about the draft budget and one of the points in the budget was that they are going to retire one of their long-term debts which allow them to keep tipping fees the same as they have been for 5 years so as a result, the rates will not go up for household rates.

Mayor Garnes reported that she attended a CA Cities Division League meeting on Friday and one thing that she learned was that the City of Fortuna will be holding community workshops to consider approval of commercial cannabis and had recently toured some sites in Eureka and Arcata.

MARCH 16, 2021 MINUTES
Page 14

She also expressed thanks to the Nuisance Advisory Committee and the Community Service Officer for doing a great job on nuisance abatement and said that their efforts are very much appreciated.

ADJOURNMENT

Motion was made by Johnson/Wilson to adjourn the meeting at 9:02 p.m. to the April 6, 2021 Regular meeting. Motion carried 5-0.

Debra Garnes, Mayor

Attest:

Karen Dunham, City Clerk

Public Comment

From: Ranada Laughlin <ranadariodell@att.net>
Sent: Friday, March 12, 2021 5:29 PM
To: Public Comment
Subject: In Favor of Mandatory/Universal Collection

I support Mandatory Universal Garbage and Recycling for the City of Rio Dell.

Illegal Dumping plagues the local river bar and rural roads around Rio Dell. Rodents are attracted to improperly secured waste; this proposal could help to alleviate both problems. It will benefit the health and safety of this community and beyond.

There may need to be exemptions for property that cannot be serviced/reached by Recology vehicles and for those vacant homes undergoing remodeling.

Thank you for asking for input, this proposal benefits the community, in my view.

Ranada Laughlin, Home/Property Owner
Rio Dell, CA

March 12, 2021

To: The City of Rio Dell
675 Wildwood Ave
Rio Dell, CA 95562

Re: Mandatory Universal Garbage & Recycling Collection Program

Dear City of Rio Dell and City Council Members,

I am reaching out to you to express my concerns regarding the probable implementation of a mandatory across the board garbage and recycling program. I know there are problems at certain properties within the city where owners/tenants allow garbage and other debris to accumulate in mass. Not only does this take away from the aesthetic value of the city, it can also lead to health and environmental issues and public safety concerns. Many municipalities throughout the county and other areas of the country are trying to find solutions to this ongoing problem. I do not have a solution and commend you on your efforts to try and correct this problem.

That said I would like to remind you that this problem only occurs with a small percentage of the properties in the city, whereas many residents/property owners already have solid waste pickup or have found alternative means of managing their garbage. What concerns me is the financial hardship or other hardships this program is likely to put on a portion of the residents/property owners who already have another program in place. To illustrate, I am referring to those already on a tight budget, or those who are in a low income bracket, or those who live alone and may only generate a small amount of trash per week. Another potential problem pertains to those living in the most remote, rural areas of the city (i.e., Monument Rd, Blue Slide Rd and similar neighborhoods). There are many cases where such households will have to cart trash receptacles long distances to pickup points and run the risk of having them knocked over and contents strewn around by scavenging dogs, bear, and other opportunistic wildlife.

Our individual situation is unique in itself. Although my wife and I maintain a home in Rio Dell and have for 38 years, most of our retirement time is spent at our second residence in Southern Trinity County. Trinity County has in place an annual solid waste tax, plus we pay an exorbitant per bag fee when we visit the county transfer site. Why should we be required to participate in the Rio Dell mandatory garbage collection program when the minimal amount of trash we generate in Rio Dell gets disposed of in Trinity County?

In all fairness I hope when the City implements this program and I know that is your intention, that you will take my concerns into consideration and include a mechanism to exempt qualifying homeowners/tenants on a case by case basis.

Thank you and best regards,

Doug Dinsmore

Doug Dinsmore
707.499.8485

P.S. I have written you today because we have limited internet at our home in Trinity County and will be unable to participate in a virtual meeting from this location.

ATTACHMENT 2

To the Rio Dell City Counsel;

I am a concerned citizen of Rio Dell, I grew up here and came back after going away to school. I do have garbage pickup, but my mother and father, both retired senior citizens, do not. My mother has my brother haul her garbage to the dump every other month, or depending on the season every three months; when she did the math, it turned out she is only paying around \$5 a month for trash disposal.

If I understood last meeting right this is mostly to get a head of California laws down the way. I get that, and am all for this; but not in helping the owners of Eel River become the new Rockefeller, Carnegie, and Vanderbilt, or for Humboldt reference the new Arkley, Pierson or Carson.

There are between 1,200 and 1,600 individual homes and business in the City of Rio Dell and if you charge between \$25 and \$35 a month that's \$30,000 to \$56,000—an average of \$43,000 – in just one month and just in the City of Rio Dell alone. An average of 516 thousand dollars a year for anywhere from 10 to 15 years—if I understand average lengths for these types of contracts— that is 5.16 to 7.74 million dollars made in just Rio Dell over the length of their contract. I did not do the math for overhead costs, due to the fact that there was talk of Fortuna being part of this, if that's the case they are larger and anything that's needed for overhead, payroll or otherwise would be covered there easily.

If they're buying new, more automated, trucks then they'll either keep their employee numbers about the same, or add/subtract a small number of people. I do not find it reasonable for the people of Rio Dell to be paying higher rates then they already due, seeing as how we are guaranteeing them a lot of new customers, nor do I find it reasonable to be paying their startup costs. I understand they might need some help with collecting the money at the very beginning—it is most likely a lot—but if our Council is going to help with that, we citizens should not be paying more and there should be some kind of once a month option for those that cannot come up with, even a small, can of garbage every other week.

I understand that this is something that needs to happen, but Rio Dell already has to pay for an expensive and complicated Water and Sewage system – that the State demanded— we don't need to add even more cost on top of a poor community's shoulders. I am all for going forward, but I beg the Council to not let Eel River Recology walk all over them and to be tough negotiators for the people who have put their trust in you. If anyone thinks that Rio Dell doesn't have options just remember we've been here since Humboldt County was born, sure not as a 'legally' recognized city, but we've been through floods and earthquakes and we'll be here even if California and Eel River Recology don't like us.

River Rats stick together and take care of their own. Keep this town's trust! Don't roll over for some company who thinks they can make a fortune off of bleeding us dry.

Proud Rio Dell River Rat

**RIO DELL CITY COUNCIL
SPECIAL MEETING MINUTES
MARCH 25, 2021**

Mayor Garnes called the Special "Virtual" Meeting of the Rio Dell City Council to order at 4:00 p.m.

ROLL CALL: Present: Mayor Garnes, Councilmembers Carter and Woodall

Absent: Mayor Pro Tem Johnson and Councilmember Wilson

Others Present: City Manager Knopp and City Clerk Dunham

PUBLIC PRESENTATIONS

No public comments were received.

SPECIAL MEETING MATTERS

Authorize the City Manager to to Sign Cal OES FY 2020-21 Community Power Resiliency Allocation Agreement

City Manager Knopp explained that the City received notification from Cal OES on the approval of a \$295,000 Community Power Resiliency allocation grant which appears to have very little strings attached.

He said that there was a request to return the signed allocation agreement to PSPS at Cal OES within 20 days upon receipt. The reason for the Special meeting is for the City Council to authorize the City Manager to sign and return the agreement. He explained that there is a fairly tight timeline with regard to spending the money and that staff would return to Council at a subsequent meeting to discuss how to spend the funding.

City Manager Knopp reviewed the eligible activities under the allocation including such things as generators, solar, or other alternative backup power sources and pointed out that funds cannot be used for professional services such as engineered designs. Essentially the City would be purchasing the materials and hiring a contractor to do the work. He noted that eligible activities must occur at essential facilities, with City Hall, the Police Department and the Public Works Corporation yard all qualifying as essential facilities.

He further reported that Redwood Coast Energy Authority (RCEA) did a feasibility study in 2019 on potential solar projects and battery backup systems for the City so there are some rough costs available. He said the total cost outlined in the feasibility study was over a million dollars but the City could make pretty significant headway with the \$295,000 allocation.

He reviewed some of the viable options such as solar arrays for City Hall and the Public Works Corporation Yard and power walls. He said that staff would bring back a series of

MARCH 25, 2021 MINUTES
Page 2

options for the Council to consider. He noted that staff is also working with Redwood Coast Energy Authority (RCEA) and they have agreed to help with project management and perhaps the Request for Proposals once a project is defined.

Councilmember Woodall commented that she had discussed the grant with the City Manager earlier and that he mentioned that the funds could be utilized for the purchase of a generator, solar and battery backups but said that it sounds like there may be more flexibility with use of the money.

City Manager Knopp said that there is nothing in the notification letter that says that funds shall be used on the items identified in the scope but he would get clarification and report back to the Council.

He noted that City Hall does need work on energy resiliency and there are a series of options covered under the program.

Councilmember Woodall asked for a timeline to complete the projects.

City Manager Knopp indicated that a Progress Report must be submitted on the expenditure of funds no later than November 30, 2021, identifying how the funds were used.

He said that an electrical panel upgrade for City Hall has already been designed which is a start.

Councilmember Woodall said that this is great news and that there is no lack of projects to consider.

Councilmember Carter agreed.

Motion was made by Woodall/Carter authorizing the City Manager to sign Cal OES FY 2020-21 Community Power Resiliency Allocation Agreement. Motion carried 5-0

ADJOURNMENT

Motion was made by Carter/Woodall to adjourn the meeting at 4:18 p.m. to the April 6, 2021 regular meeting.

Debra Garnes, Mayor

Attest:

Karen Dunham, City Clerk



*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
cityofriodell.ca.gov*

April 6, 2021

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Authorize the Mayor to Sign a letter of Opposition to SB 556 Related to Wireless Broadband

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the Mayor to sign the attached letter, or

Take no action.

BACKGROUND AND DISCUSSION

In 2018, the Federal Communications Commission (FCC) voted to limit the authority and standards that states and local governments can require for the installation and/or deployment of small cell wireless facilities. However, the FCC regulations explicitly protect the ability of local governments to ensure that such installations meet appearance and design standards, maintain traffic safety, protect historical resources' integrity, and safeguard citizens' quality of life.

Additionally, local governments can continue to charge fees that are a reasonable approximation of the local government's actual and direct costs, including costs to maintain a structure within the right-of-way, process an application or permit, and review a siting application.

SB 556 (Dodd) is in direct conflict with the FCC's regulations. According to CalCities, SB 556 is an attempt by the telecommunications industry to undermine local authority while making no meaningful progress towards closing the digital divide in California's unserved and underserved communities.

What Does SB 556 Specifically Do to Conflict with Federal Law?

Requires local governments to make space available on street light poles, traffic signal poles, utility poles, and other public infrastructure to telecommunications providers without recognizing local authority to manage the public right-of-way preserved in federal law; and

Creates ambiguity in the fees local governments can charge for access to their infrastructure. SB 556 chooses not to incorporate federal conditions for valid fees, further restricting fees to "actual cost" and "reasonable actual cost" which conflicts with federal law.

///

Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
cityofriodell.ca.gov



April 6, 2021

The Honorable Ben Hueso
Chair, Senate Energy, Utilities, and Communications Committee
State Capitol Building, Room 4035
Sacramento, CA 95814

RE: SB 556 (Dodd) Street Light Poles, Traffic Signal Poles, Utility Poles, and Support Structures: Attachments.
Notice of OPPOSITION *(As Amended 03/16/21)*

Dear Senator Hueso,

The City of Rio Dell must respectfully oppose SB 556 (Dodd), related to wireless broadband infrastructure deployment.

SB 556 directly conflicts with the Federal Communications Commission's (FCC) adopted regulations on wireless services deployment, which cities and counties across the nation are actively implementing. This measure requires local governments to make space available to telecommunications providers without recognizing local authority to manage the public right-of-way preserved in federal law. FCC regulations explicitly enable local governments to ensure that such installations meet appearance and design standards, maintain traffic safety, protect historical resources' integrity, and safeguard citizens' quality of life. To protect the public's investment, the control of the public rights-of-way must remain local.

Additionally, SB 556 creates ambiguity in the fees local governments can charge for access to their infrastructure. Federal law explicitly outlines conditions for valid fees, limiting fees to a "reasonable approximation of the local government's actual and direct costs," including costs to maintain a structure within the right-of-way, process an application or permit, and review a siting application. SB 556, on the other hand, chooses not to incorporate these federal standards, further restricting fees to "actual cost" and "reasonable actual cost." If the goal of SB 556 is to implement the existing FCC orders into state law, there should be no added ambiguity created by changes from what was already decided at the federal level.

SB 556 is an attempt by the telecommunications industry to undermine local authority while making no meaningful progress towards closing the digital divide in California's unserved and underserved communities. As previously mentioned, cities and counties across the nation are implementing the FCC's orders. If California is to close the digital divide, legislative efforts should focus on encouraging and incentivizing telecommunications companies to service areas that for too long have not had access to reliable and affordable internet.

While the City of Rio Dell stands ready to work with the Legislature to further the state's broadband goals, these efforts do not inherently conflict with the appropriate local authority to manage the right-of-way and comply with existing FCC decisions. For these reasons, the City of Rio Dell opposes SB 556 (Dodd).

Sincerely,

Debra Garnes
Mayor
City of Rio Dell

cc: The Honorable Bill Dodd
Senator McGuire & Assembly Member Wood
Sara Sanders, CalCities
League of California Cities, cityletters@cacities.org


675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532



For Meeting of: April 6, 2021

☒ Consent Item; ☐ Public Hearing Item

To: City Council

From: Kevin Caldwell, Community Development Director 

Through: Kyle Knopp, City Manager

Date: March 28, 2021

Subject: Sculpture Committees recommendation regarding artists' Dan McCauley's request regarding the possibility of an annual visit and the completion of two sculptures.

Recommendation:

That the City Council:

1. Receive and file the Sculpture Committees recommendation regarding artists' Dan McCauley's request regarding the possibility of an annual visit and the completion of two sculptures.
2. The Sculpture Committee recommends that the City not accept Mr. McCauley's offer at this time. The Committee recommends that once the current contract runs out in October of 2022, that the City request proposals from local artists, including Mr. McCauley, for possible additional sculptures.

Discussion

As the Council is aware, the City has a contract for creation and placement of sculptures along Wildwood Avenue with local artist Dan McCauley.

Under the current agreement with Mr. McCauley which remains in place for 5 years (expiring October 4, 2022), he is responsible for providing a total of 4 sculptures. The City paid Mr.

McCauley \$4,000 with the agreement that at the end of the term of the contract, the four sculptures on display at that time would then remain as property of the City.

Mr. McCauley recently informed the City that he will be moving to Pennsylvania to help his family. Mr. McCauley and the City have had a beneficial mutual agreement for the past few years calling for the creation of a number of metal sculptures. Mr. McCauley created a number of sculptures for display, including the great horned owl, mountain lion, bull elk, grizzly bear, Ibex, bald eagle, little goat, and the bison.

Mr. McCauley proposed to come out to the area once a year and create two additional structures. His original offer was for \$2,000. Upon further consideration, his offer was increased to \$3,500. Below is a copy of his two offers to the City.

Original Request:

I'm moving back to Pa near where I grew up at to help out with family. Moving back there allows me to continue sculpting with relieving my financial worries and stress also. Unfortunately living out here is too costly for my earnings to be able get ahead. I have an idea though. I'd like to come out every year for a two week visit during your Arts Festival and sculpt two pieces for the city to display. The city could keep the present sculptures as well as the new ones created during the events to rotate whenever you choose to do so. I'm asking for an allowance of \$2,000 which would cover travel, lodging, and items used to sculpt with, tools, etc. I'm really grateful for the city of Rio Dell offering me the opportunity to share my work, passion, and life with the community. By coming up with this plan it allows me to continue to be a part of the community which I don't want to ever lose. I love you Rio Dell because you took a chance on me and believed in me, and I wanna keep making beautiful art for you.

Follow-up Request:

Hi sculpture committee, I'm leaving the morning of the 10th and have nothing to zoom meet on. I've gone over numbers again and have made a mistake in budget. Sorry to have made one but my head is filled with moving. I could do \$3500 a year and let you rotate them out but still would like to sell the pieces if anyone inquired about them. Sorry again for the confusion and misinformation.

The Sculpture Committee met on March 24th to consider and discuss Mr. McCauley's request. Although the Committee expressed support for Mr. McCauley's art, they felt that Mr. McCauley complete the terms of the existing contract and once expired, reach out to other local, including Mr. McCauley, for possible additional sculptures.

It should be noted that the Committee received a public comment from local resident Bruce Cattle. Below is Mr. Cattle's comments regarding Mr. McCauley's request.

Artist Dan McCauley's request for an open ended, yearly visit to Rio Dell, financed by the city, to make metal sculptures is interesting. If the City decides it needs more sculptures they can be commissioned and purchased. Consider surveying the residents. I doubt there will be much support.

*Bruce Cattle
570 Gunnerson Lane*

*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
cityofriodell.ca.gov*



April 6, 2021

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Discussion and Possible Action to Approve Resolution No. 1485-2021
Designating the City Manager as the Authorized Representative to File for
Financial Assistance with the State Water Resources Control Board for Water
Distribution System Upgrades

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Approve Resolution No. 1485-2021

BACKGROUND AND DISCUSSION

City staff in conjunction with the City Engineer, GHD, are closing in on the full submission of a grant application to the Drinking Water State Revolving Fund (DWSRF). Under submission is a grant application for \$9,672,770 of water system improvements. The actual award and project is likely to be smaller. The attached Resolution is required in order to submit the grant.

During 2015 the City underwent a water rate analysis and rate adjustment in order to correct a long standing deficit in the water fund and also to provide funding for capital replacement of aged and failing sections of the water system. During the rate setting process, the City Council prioritized the objective to begin setting aside funds for major capital replacement of the system with the intention to leverage State grant funds in order to save ratepayers money while moving the needed projects forward. The new rates became effective in January of 2016.

In March of 2016 the City's Engineer (GHD) submitted a Drinking Water Planning Grant to the State Water Resources Control Board. The work associated with this grant is a necessary precursor in order to apply for further grants. The scope of the grant and future projects was revised on March 7, 2017 to include:

- Evaluation of the distribution system.
- Evaluation of SCADA improvements.
- Evaluation of Painter Street storage tank and Douglas Redwood Tank # 2.

Staff and the City Engineer have been working since that time to complete the work under the planning grant in order to make the current grant application eligible for consideration. ///



RESOLUTION NO. 1485-2021
A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF RIO DELL DESIGNATING THE CITY MANAGER
AS THE AUTHORIZED REPRESENTATIVE TO FILE A FINANCIAL ASSISTANCE
APPLICATION WITH THE STATE WATER RESOURCES CONTROL BOARD FOR A
WATER DISTRIBUTION SYSTEM UPGRADE

WHEREAS, the City of Rio Dell's Water distribution infrastructure is aged and prone to leaks; and

WHEREAS, much of the City's water distribution system predates the incorporation of the City in 1965 and has exceeded its useful life span; and,

WHEREAS, the City of Rio Dell is pursuing state funds for needed water system improvements.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Rio Dell as follows:

The City Manager (the "Authorized Representative") is hereby authorized and directed to sign and file, for and on behalf of the Entity, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of a Water Distribution System Upgrade (the "Project").

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.

The Authorized Representative, or his/her designee, is designated to represent the Entity in carrying out the Entity's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Entity and compliance with applicable state and federal laws.

PASSED AND ADOPTED by the City of Rio Dell on this 6th day of April 2021, by the following vote:

AYES:

NOES:

ABSENT:
ABSTAIN:

Debra Garnes, Mayor

ATTEST:

Karen Dunham, City Clerk



*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
cityofriodell.ca.gov*

April 6, 2021

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Approval of Resolution No. 1486-2021 Authorizing the Purchase of New Public Refuse and Recycling Cans and Adjusting the Budget Accordingly.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Approve Resolution No. 1486-2021, or

Take no action or re-refer to the Ad Hoc Committee

BACKGROUND AND DISCUSSION

The current year budget includes approximately \$12,000 for replacement of the existing garbage and recycling bins in various locations throughout town. On January 19, 2021 the City Council appointed Members Woodall and Carter to work with staff on selection of bin replacement.

Since January, the Ad Hoc has met several times to go over options and has selected the attached bins for the consideration and approval of the Council. Total cost is estimated at \$25,000 for a total of 36 bins (18 Landfill and Recycling combinations).

Attachments:

Resolution No. 1486-2021
Max-R Bin Quote

///



**RESOLUTION NO. 1486-2021
A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF RIO DELL
AMENDING THE ADOPTED BUDGET
FOR FISCAL YEAR 2020-21**

WHEREAS, the City adopted Resolution 1453-2020 establishing the City's Operating and Capital Budget for Fiscal Year (FY) 2020-21 and any adjustment that increases appropriations in a fund must be approved by the City Council; and

WHEREAS, additional appropriations are necessary to cover costs for the replacement of the garbage and recycling cans throughout the City of Rio Dell; and

WHEREAS, it is anticipated that grant funds from the Cal Recycle City/County Payment Program will be received to offset some of the expenses of the new garbage and recycling cans.

NOW THEREFORE BE IT RESOLVED, that the City of Rio Dell City Council does hereby amend the City of Rio Dell FY 2020-21 Operating and Capital Budget to increase revenue estimates and appropriations for the replacement of trash and recycling cans as follows:

\$ 9,000	4700 04 027	Grant Revenue
\$ 9,000	5102 04 027	Solid Waste Operational Supplies
<u>\$ 4,000</u>	<u>5102 04 000</u>	<u>Solid Waste Operational Supplies</u>
\$13,000	TOTAL INCREASED APPROPRIATIONS	

Further, that the City Manager is authorized to purchase 36 waste and recycling bins as quoted by vendor Max-R in the attached April 6, 2021 City Council Agenda.

PASSED AND ADOPTED by the City Council of the Rio Dell on this 6th day of April, 2021 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Debra Garnes, Mayor

ATTEST:

Karen Dunham, City Clerk



QUOTE: 23686 - Waste and Recycle Bins (154907)

Account Name City of Rio Dell		Ship Via -		Rep 7GOV1	
Contact Name Kyle Knopp		Terms Net 30		Created By Ryn Soper	
Phone 7077643532		PO Number -		Created Date 3/2/21	
Email knoppk@cityofriodell.ca.gov		Tracking Email -		Expiration Date 4/1/21	
Bill To: knoppk@cityofriodell.ca.gov City of Rio Dell 675 Wildwood Avenue Rio Dell, California 95562 United States		Ship To: City of Rio Dell Public Works 475 Hilltop Drive Rio Dell, California 95562 United States		Shipping Contact Information: Full Name Kyle Knopp Phone Number 7077643532	
Qty.	Product	Short Description – Full details outlined on product spec sheets when applicable		Unit Price	Line Total
18	SLAT WASTE	[X-55306] CUSTOM SLAT WASTE		\$600.50	\$10,809.00
		BUG BARRIER TO NOT HAVE FLAP- PART NUMBER S8340-02-092			
18	SLAT WASTE	[X-55307] CUSTOM SLAT WASTE		\$600.50	\$10,809.00
		BUG BARRIER TO NOT HAVE FLAP- PART NUMBER S8340-02-092			
Subtotal					\$21,618.00
MR-Disc		CUSTOMER DISCOUNT (CONTINGENT ON MEETING THE PAYMENT TERMS)			-\$1,080.90
S/H		SHIPPING & HANDLING - **ADDITIONAL SERVICES AVAILABLE UPON REQUEST (CHARGES MAY APPLY)**			\$2,430.00
TAX		ESTIMATED SALES TAX			\$2,009.64
Grand Total					\$24,976.74

Per US tax law, we're required to collect sales tax in the majority of states. If applicable, sales tax will be applied upon invoice.

My signature on this quote verifies that I have approved this order
and all information is accurate

SIGNATURE _____

DATE _____

Company Address

W248N5499 Executive Drive
Sussex, Wisconsin 53089
USA

Phone

(800) 505-7926

Organization (Fax)

888-868-7184



Spec Sheet For Slat Waste X-553

City of Rio Dell | Qty: 18 | \$600.50 Each | \$10,809.00 Total

Custom Request: BUG BARRIER TO NOT HAVE FLAP- PART NUMBER S8340-02-092

Construction	Material	Capacity	Mounting Style	Top Style
Riveted	Recycled Plastic	35	Free Standing	Molded - Bug Barrier
Product Tag	Slat Color	Top Color	Secure Lid	
Max R	Black	Black	Included	

Section 1

Slat Opening ID: Text Landfill

Slat Opening ID: Type - Color Overlaid - Text Only - White / Black



Spec Sheet For Slat Waste X-553v

City of Rio Dell | Qty: 18 | \$600.50 Each | \$10,809.00 Total

Custom Request: BUG BARRIER TO NOT HAVE FLAP- PART NUMBER S8340-02-092

Construction	Material	Capacity	Mounting Style	Top Style
Riveted	Recycled Plastic	35	Free Standing	Molded - Bug Barrier
Product Tag	Slat Color	Top Color	Secure Lid	
Max R	Blue	Black	Included	

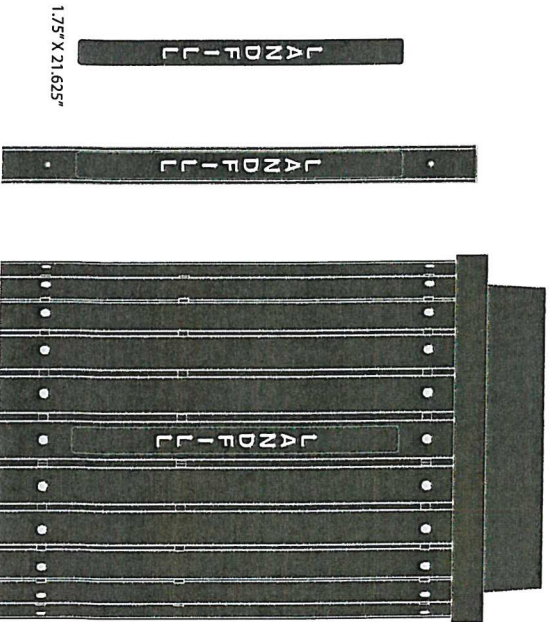
Section 1

Slat Opening ID: Text	Recycle
Slat Opening ID: Type - Color	Overlaid - Text Only - White / Blue



CUSTOMER NAME CITY OF RIO DELL
SALES ORDER NUMBER: PBO
SALES EXECUTIVE: RYN
ORDER DATE: 3/2/21
PROOF DATE: 3/19/21

COLOR OF PRODUCT: BLACK SLATS
ITEM: [X-55306] CUSTOM SLAT WASTE - 35 GAL
RESIN POURED: NO
RESIN COLORS: N/A
SPECIAL INSTRUCTIONS:



CUSTOMER APPROVAL

By approving the above layout for production, the customer approves of the layout, spelling, colors and any other modifications that are shown or described. Resin colors are approximated unless specifically requested; due to the limitations and inconsistencies of various monitors, colors may not be an accurate representation of the product. Approval of this proof begins production immediately and is non-returnable.

CONFIDENTIAL - COPYRIGHT 2021 Max-R - ALL RIGHTS RESERVED.

The images, blueprints, designs and/or renderings contained in this document are protected by U.S. and international copyright laws and are owned by Max-R. Certain names, design elements and the combination of certain design elements depicted in this document constitute trademarks and trade dress of Max-R. Duplication of and/or use of the designs, information and materials contained in this document are expressly prohibited without the express written consent of Max-R.

THE MAX-R SIGNATURE LOOK

post & panel design signature panel designs
two-tone colors arched accents

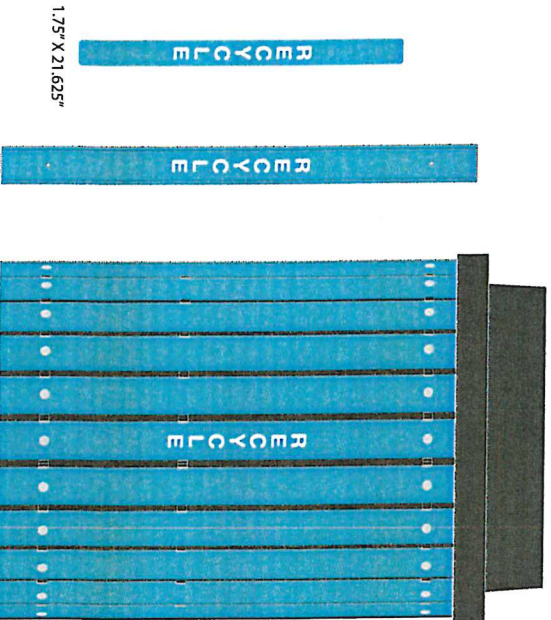
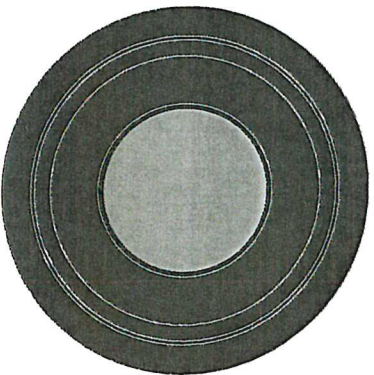


CUSTOMER NAME
SALES ORDER NUMBER:
SALES EXECUTIVE:
ORDER DATE:
PROOF DATE:

CITY OF RIO DELL
PBO
RYN
3/2/21
3/19/21

COLOR OF PRODUCT:
ITEM:
RESIN POURED:
RESIN COLORS:
SPECIAL INSTRUCTIONS:

BLUE SLATS
[X-55307] CUSTOM SLAT WASTE
NO
N/A



CUSTOMER APPROVAL

By approving the above layout for production, the customer approves of the layout, spelling, colors and any other modifications that are shown or described. Resin colors are approximated unless specifically requested; due to the limitations and inconsistencies of various monitors, colors may not be an accurate representation of the product. Approval of this proof begins production immediately and is non-returnable.

CONFIDENTIAL - COPYRIGHT 2021 Max-R - ALL RIGHTS RESERVED.

The images, blueprints, designs and/or renderings contained in this document are protected by U.S. and international copyright laws and are owned by Max-R. Certain names, design elements and the combination of certain design elements depicted in this document constitute trademarks and trade dress of Max-R. Duplication of and/or use of the designs, information and materials contained in this document are expressly prohibited without the express written consent of Max-R.

THE MAX-R SIGNATURE LOOK

post & panel design
two-tone colors
signature panel designs
arched accents



Staff Highlights – 2021-04-06

City Council

City Manager

Attended an all-day interview process for the HWMA Executive Director.

Continued work on Universal Collection proposal.

Attended the City's risk group Board Meeting. The City is a member of Small Cities Organized Risk Effort (SCORE).

Conferred with other municipal and county staff regarding regional slurry seal program. The group agreed to target summer of 2022 for the next regional project.

Held a special meeting related to CalOES PSPS Allocation Letter for \$295,000 towards energy resiliency.

Discussions with artist Marian Brady on Rio Dell Gateway sign and City Hall lawn sign.

Forwarded the latest information on access to vaccines to all City Staff.

Attended Local Solid Waste Task Force meeting.

Interviews and hiring for OIT position at Public Works.

City Clerk

Processed four (4) Building Permits:

100 Davis St. – Water Heater

1150 Dinsmore Ranch Road – Electrical to Hoop Houses

95 Bellevue Ave. – Re-Roof Church

230 Ogle Ave. – Furnace

Misc:

Submitted Monthly Unemployment Report for March

Sent address verification/change letters – 625 Dinsmore Ranch Road

City Attorney



Human Resources, Risk & Training

Finance Department

Public Works Water

Staff Update – 3/31/2021

City Council

City Manager

City Clerk

City Attorney

Human Resources, Risk & Training

Finance Department

Public Works Water

Replaced failed registers and ERT's for next month's meter read.

Repaired leak on Martin Dr.

Repaired leak on Bellevue Ave

Removed trench plate from Birch St. Leak repair.

Repair Chlorine line

Fix Filters 3 and 4 Control panel level controllers

Monthly monitoring report to SWRCB

Completed Water Rights Annual Reports to Division of Drinking Water

Public Works Wastewater

Public Works Streets, Buildings and Grounds

Monday weekly safety meetings.

Mowed North Gateway and South Gateway.



Mowed Rio Dell Metro Well Site

Mowed City Hall, Blue Star Park and Memorial Park.

Refilled Dog waste bags as needed.

Weeded and mowed all other city owned lots.

Asphalt patched on Ogle St, the avenues, Riverside Dr, Gunnerson Ln and Southside of Rigby.

Public Works City Engineer

Public Works Capital Projects

Police Department

Community Development Department

Plan check Solar 539 First Avenue

Plan Check Solar 182 Third Avenue

Plan Check Solar 377 Douglas Street

Attended virtual Sculpture Committee

Staff Report Industrial Hemp, correspondence with the County Ag Commissioner, review Delta 8 information

Staff Report Rural Designation Lot coverage

Staff Report Revision Street Dedication

Attended virtual Climate Action Plan Meeting

Continue to work with Baird Engineering regarding Cortazar subdivision, conditions of approval, Deferred Improvement Agreement.

Review FEMA agricultural building flood regulations, Variance process, Smart Vent data, contact Merced County regarding Foster Farms variance.

Review PMD files, approvals, extension, letter to PMD.

Correspondence with Timberland Consultants regarding Timberland Conversion Permits.



Sent City Attorney requested information regarding cell tower lease and amendment for additional 63 square feet.

Sent Interwest information regarding FEMA's Technical Bulletin for agriculture building flood regulations.

Work on Annual Progress Report for Housing Element.

Intergovernmental

Humboldt-Rio Dell Business Park

Public Works Wastewater

Public Works Streets, Buildings and Grounds

Public Works City Engineer

Public Works Capital Projects

Police Department

The Department had the following statistics for the period of March 10, 2021 to March 30, 2021. This period of time saw an above average number of calls for service across all of the metrics. One reason for this is Officer Johnson has completed his field training and is operating on his own, giving us additional police presence. The summation of Calls for Service may be greater than the total as multiple officers can now be assigned to the same call for service. There may also be administrative calls for service that are not documented below.

Officer	Calls for Service	Reports	Arrests
Conner	45	5	1
Beauchaine	50	5	2
Landry	42	5	7
Mitchell	71	6	2
Burns	71	6	2
Johnson	117	13	8
Fielder	27	4	0
Matthews	46	1	N/A
Totals	407	45	22
Averages	19.4 per day	15 per week	7.3 per week
2020 Yearly Average	14.2 per day	12.2 per week	5.3 per week

Calls for Service at 355 Center Street

Type	Date	Time	Location	Primary Unit	Case #
------	------	------	----------	--------------	--------



417*	03/21/2021	22:15:30	355 CENTER ST	R615	
415	03/23/2021	20:45:07	355 CENTER ST	R618	
ANIMAL	03/24/2021	11:38:21	355 CENTER ST	6X2	
415	03/25/2021	11:03:51	355 CENTER ST	6R9	
PATROL	03/26/2021	11:35:11	355 CENTER ST	6A1	
RJ	03/26/2021	15:07:10	355 CENTER ST	6A1	21-0000177

417* – Brandishing a dangerous weapon
ANIMAL – Animal control issue
Patrol – Check the area for suspicious activity
RJ- Runaway juvenile
415 - Disturbance

R615 – Officer Liam Burns
R618 – Officer Russell Johnson
6A1 – Chief Jeff Conner
6R9 – Officer Charlie Fielder
6X2 – Community Services Officer Jolene Matthews

During the period March 10, 2021, to March 30, 2021, there were twenty-four calls for service related to animal control issues. Three dogs and two cats were transported to Mirandas. CSO Matthews dealt with two dogs that were caught in the act of killing a neighbor's chicken. She located the residence associated with the dogs and found that they had a propensity to kill chickens at that location also. Apparently, the dogs belonged to a relative of the occupant and she was trying to have the dogs moved to a more appropriate location.

Officers Landry and Mitchell attended a 40-hour Field Training Officer course offered at College of the Redwoods. They are both qualified to train newly hired police officers.

Officer Landry and Chief Conner testified in the jury trial of Michael Flowers. He is accused of rape and several other crimes and faces spending the rest of his life in prison if convicted. The trial is still ongoing.

On March 8, 2021, the Department received information from the Sheriff's Department that a device had uploaded child pornography from a location in Rio Dell. This case was assigned to Officer Landry. She prepared a search warrant, which was served on March 15, 2021. Only one person was home. Eight phones and a tablet were seized pursuant to the warrant. Shortly after the warrant was served, the resident of the house threatened to commit suicide and he was detained for a mental health evaluation.

On March 26, 2021, Chief Conner took a missing person report. A 13-year-old-girl left her home at about 2300 hours and has not been seen since. She may be in the company of a seventeen-year-old boy who is also a runaway with a warrant for his arrest. The Police Department has run down several leads, but so far, there is no credible information to her location. The Department will seriously consider filling charges against those who are assisting her.



Code Enforcement

During the period March 10, 2021 to March 30, 2021, the Department opened eight new cases dealing with junk vehicles and closed seven. five of the vehicles were towed by the City. The remaining two vehicles were moved by the owners. There were ten open cases at the end of this reporting period.

During the period of March 10, 2021 to March 30, 2021, the Department opened one new case and closed one case. The new case is on Berkeley and deals with solid waste. The closed case was on Second Avenue and dealt with excessive vegetation. The owner of the property cut back the grass and blackberry briars to an acceptable level. There were forty-seven open cases as of March 30, 2021.

Community Development Department

Intergovernmental

Humboldt-Rio Dell Business Park

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)



April 6, 2021

TO: Rio Dell City Council

THROUGH: Kyle Knopp, City Manager

FROM: Cheryl Dillingham, Interim Finance Director *CD*

SUBJECT: Fiscal Year 2019-20 Audited Financial Statements

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Receive presentation by JJA CPA, Inc. on the City's audited financial statements and accompanying information.

BACKGROUND AND DISCUSSION:

Each year an independent auditing firm audits and prepares financial statements for the City of Rio Dell in accordance with Generally Accepted Accounting Principles (GAAP) and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that an audit be performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The City received an unqualified opinion and no material weaknesses were identified. An unqualified opinion means that the auditor has concluded the financial statements present fairly the results of the City's operations and its financial position according to generally accepted accounting principles. A material weakness is one or more deficiencies in internal control where a reasonable possibility exists that a material misstatement will not be prevented, detected, or corrected in a timely manner. The auditor found no such weaknesses.

The auditing firm of JJA CPA, Inc. will present to Council the Fiscal year 2019-20 audited Financial Statements and accompanying information.

ATTACHMENTS:

Annual Financial Report for the fiscal year ended June 30, 2020

CITY OF RIO DELL, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2020



Prepared by:

Cheryl Dillingham
Finance Director

This page intentionally left blank.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Table of Contents

Page

INTRODUCTORY SECTION

Table of Contents	i
Organization Chart	iii
List of Officials	iv

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net position	19
Statement of Activities	20
<i>Fund Financial Statements:</i>	
Governmental Funds:	
Balance Sheet	24
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net position	25
Reconciliation of Fund Basis Balance Sheet to Government-wide	
Statement of Net position – Governmental Activities	26
Statement of Revenues, Expenditures, and Changes	
in Fund Balances – Governmental Funds	27
Reconciliation of Fund Basis Statements to Government-wide	
Statement of Activities	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	29
Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Budget to Actual – General Fund and	
Major Special Revenue Funds	30

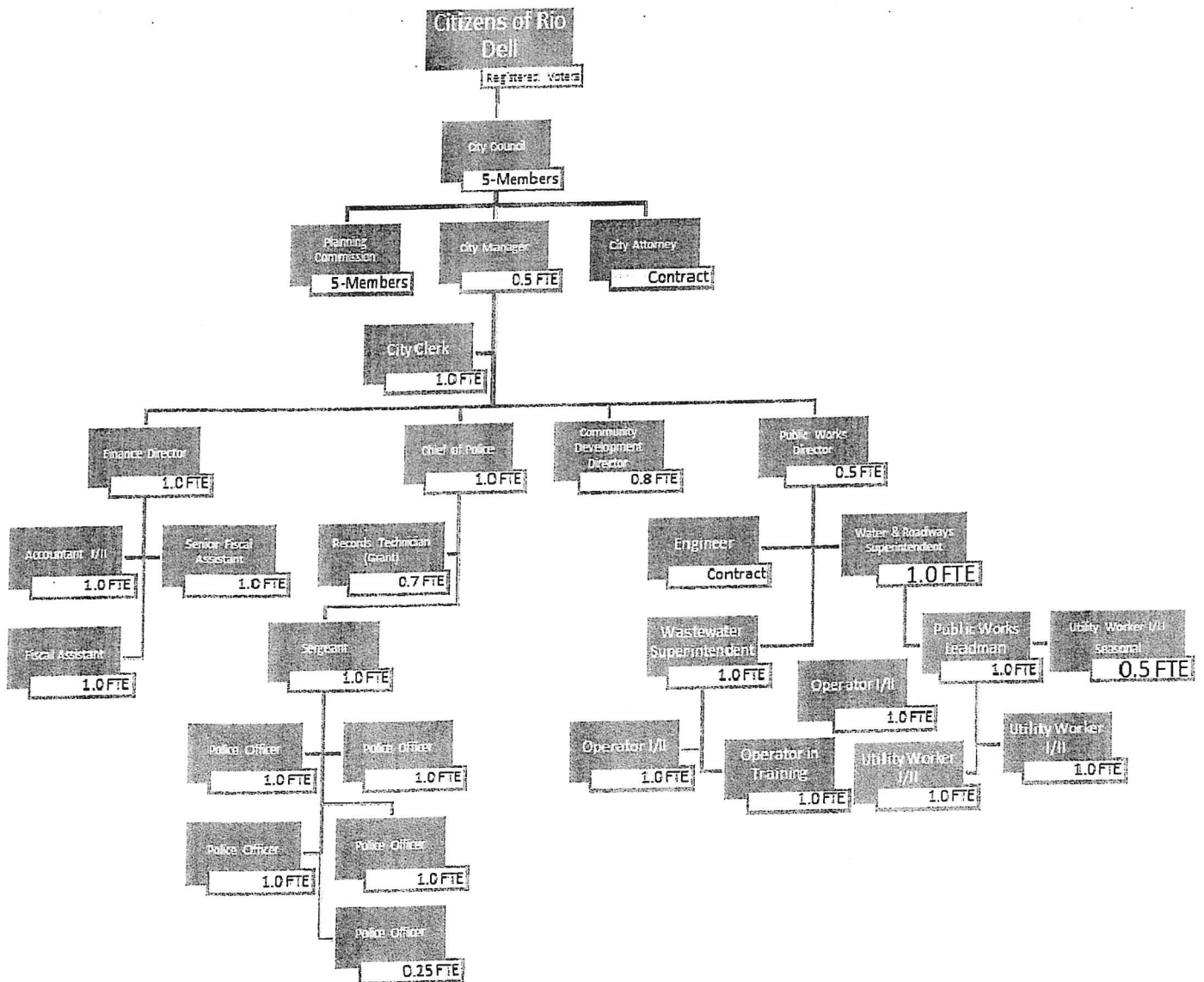
City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Table of Contents, Continued

	<u>Page</u>
Basic Financial Statements, Continued:	
<i>Fund Financial Statements, Continued:</i>	
Proprietary Funds:	
Statement of Net position – Proprietary Funds	34
Statement of Revenues, Expenses, and Changes in Fund Net position –	
Proprietary Funds	35
Statement of Cash Flows – Proprietary Funds	36
Fiduciary Activities:	
Statement of Fiduciary Net position – Fiduciary Activities	39
Notes to Basic Financial Statements	43
Combining and Individual Fund Financial Statements and Schedules:	
Nonmajor Special Revenue Funds:	
Combining Balance Sheet.....	76
Combining Statement of Revenues, Expenditures, and Changes	
in Fund Balances.....	78
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Gas Tax	80
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – TDA	81
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – ISTEAs	82
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Solid Waste.....	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – SLESF	84
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Measure Z.....	85
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – STIP.....	86
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Building	87
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Recycling.....	88
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Economic Development	89
Report on Internal Control Over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of Financial Statements	
Performed in Accordance with Government Auditing Standards	91

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Organization Chart



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

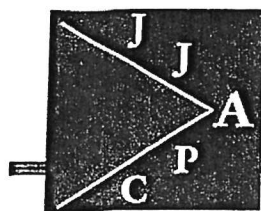
List of Officials

<i>CITY COUNCIL</i>

- Debra Garnes, Mayor
- Julie Woodall, Mayor Pro Tem
- Frank Wilson, Council Member
- Gordon Johnson, Council Member
- Sue Strahan, Council Member

<i>CITY OFFICIALS</i>

- Kyle Knopp, City Manager
- Keren Dunham, City Clerk
- Cheryl Dillingham, Finance Director
- Kevin Caldwell , Community Development Director
- Jeff Conner, Chief of Police



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Rio Dell
Rio Dell, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Rio Dell, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and City Council
The City of Rio Dell
Rio Dell, California
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

March 17, 2021

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

This section provides a narrative overview and analysis of the financial activities of the City of Rio Dell (City) for the fiscal year ended June 30, 2020. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

This section of the annual financial report provides a narrative overview and analysis of the financial activities of the City of Rio Dell (City) for the fiscal year ended June 30, 2020. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

The following outlines the financial highlights for the year:

- ◆ At June 30, 2020, the City's net position (excess of assets and deferred outflows of resources of the City over liabilities and deferred inflows of resources) was \$30,022,728, an increase of \$1,686,826 from the prior year. Of the total net position, \$21,594,191 was invested in capital assets (net of related debt) and \$436,569 had restrictions in their use leaving \$7,991,968 as unrestricted.
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by \$912,121 compared to FY 2018-19. The increase is primarily due to revenue received for the sidewalk and bike lane construction project funded through the Active Transportation Program (ATP). The City's total expenses for all programs in FY 2019-20 increased by \$103,842 or 2.6%.
- ◆ Overall the City's total net position increased by \$1,686,826 (\$1,403,411 and \$283,415 for governmental activities and business-type activities, respectively). Total city-wide assets increased \$2,225,517. This primarily was the result of an increase in cash, with the remainder being accounts receivable (asset) that was offset with accounts payable (liability) for the ATP project.
- ◆ The General Fund reported a fund balance of \$2,224,862 at the end of the 2020 fiscal year, an increase of \$203,941. This change was the result of new Cannabis revenues and additional sales tax revenues.
- ◆ The City also ended the fiscal year with \$4,256,143 reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the investment in capital assets net of related debt). This is an increase of \$785,983 from 2019 and is a result of unrestricted water funds increasing by \$599,786 to \$2,275,694 and unrestricted sewer funds increasing by \$186,197 to \$1,980,449.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and are comprised of the Statement of Net position and the Statement of Activities. The Statement of Net position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by private sector entities. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net position for the year.

All of the City's activities are grouped into Governmental Activities and Business-type activities, as explained below. All the amounts in the Statement of Net position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

Government-wide financial statements, prepared on the accrual basis, measure the flow of all economic resources of the City. There are two basic statements presented here: the Statement of Net Position and Statement of Activities. These statements present information about the following activities.

- ♦ ***Governmental activities*** – All of the City's basic services are considered to be governmental activities, including general government, community development, parks and recreation, public safety, animal control, engineering, community events, public improvements, planning and zoning, building inspections, and general administration. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.
- ♦ ***Business-type activities*** – All the City's enterprise activities are reported here, including Water and Sewer. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

For the fiscal year ended June 30, 2020, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- ◆ General Fund
- ◆ CDBG Special Revenue Fund

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

PROPRIETARY FUNDS:

- ◆ Water Enterprise Fund
- ◆ Sewer Enterprise Fund

For the fiscal year ended June 30, 2020, the City adopted annual appropriated budgets for all governmental funds.

Proprietary funds. The City maintains Enterprise-type funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Water and Sewer activities. The proprietary fund financial statements provide separate information for all of these operations.

Fiduciary Statements

The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations. The fiduciary statements provide financial information about the activities of special deposits for which the City acts solely as an agent. They provide information about the cash balances and activities of these funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 41-72 of this report.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 76-89 of this report.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$30,022,728 as of June 30, 2020. The Summary of Net position as of June 30, 2020, and 2019, follows:

	Summary of Net Position					
	2020			2019		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 5,136,662	\$ 4,856,441	\$ 9,993,103	\$ 3,775,656	\$ 4,063,188	\$ 7,838,844
Noncurrent assets	5,690,687	22,481,753	28,172,440	4,801,171	23,300,011	28,101,182
Total assets	10,827,349	27,338,194	38,165,543	8,576,827	27,363,199	35,940,026
Current and other liabilities	931,185	564,215	1,495,400	8,447	560,790	569,237
Long-term liabilities	33,083	6,614,332	6,647,415	32,710	6,926,177	6,958,887
Total liabilities	964,268	7,178,547	8,142,815	41,157	7,486,967	7,528,124
Net position:						
Net invested in						
Capital Assets	5,690,687	15,903,504	21,594,191	4,801,171	16,406,072	21,207,243
Restricted	436,569	-	436,569	350,064	-	350,064
Unrestricted	3,735,825	4,256,143	7,991,968	3,308,435	3,470,160	6,778,595
Total net position	\$ 9,863,081	\$ 20,159,647	\$ 30,022,728	\$ 8,459,670	\$ 19,876,232	\$ 28,335,902

The City's total net position increased by \$1,686,826 (\$1,403,411 for governmental activities and \$283,415 for business-type activities). Total city-wide assets increased \$2,225,517. This was mostly the result of an increase in cash and accounts receivable for the ATP streets project. Total current city-wide liabilities increased by \$926,163, primarily due to accounts payable for construction costs on the ATP streets project. Debt service principle (long-term liabilities) for the wastewater treatment plant and the water system infiltration gallery decreased \$315,690. Total city-wide liabilities, not including deferred outflows and inflows of resources increased by \$614,691.

About 1.5% or \$436,569 of City-wide net position represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of \$8 million may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$3,735,825 is held by governmental activities and \$4,256,143 is held by business-type activities.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$5,777,047 for the fiscal year ended June 30, 2020, an increase of \$912,121. Significant revenues for the City for FY 2019-20 were derived from taxes (27%), operating grants and contributions (24%), and charges for services (42%).

The following discusses variances in key revenues from the prior fiscal year:

- ◆ **Charges for Services** - Annual receipts for business-type activities decreased \$98,625, or 4%. Governmental activities decreased \$72,674, primarily due to one-time building fees for a new multi-unit housing project received last fiscal year.
- ◆ **Grants and Contributions** - Annual receipts increased by \$833,107. This was due to funding received for the ATP streets construction project.
- ◆ **Other Taxes** - Annual receipts increased \$159,236. This represents revenues from the new cannabis tax.

Expenses

Governmental and business-type activity expenses of the City for the year totaled \$4,090,221. This is an increase of \$103,842 from the prior fiscal year. Governmental activity expenses totaled \$1,539,115, or 38% of total expenses. Business-type activities incurred \$2,551,106 of expenses during the fiscal year, a decrease of \$91,710 due mainly to reduced capital project costs. Public safety - Police costs represented 51% of total governmental activities expenses, General Government activities were (20%) and Public Works was (21%). The remaining 8% were Planning and Building and Recycling costs.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2020, and 2019, follows:

	Changes in Net Position 2020			2019		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 91,745	\$ 2,341,216	\$ 2,432,961	\$ 164,419	\$ 2,439,841	\$ 2,604,260
Grants and contributions:						
Operating	188,624	64,765	253,389	359,377	-	359,377
Capital	1,020,625	115,357	1,135,982	8,851	188,036	196,887
General revenues:						
Property taxes, levied for general purposes	137,848	-	137,848	127,913	-	127,913
Sales taxes	573,424	-	573,424	486,594	-	486,594
Transient occupancy tax	11,797	-	11,797	9,328	-	9,328
Gas taxes	141,699	-	141,699	144,878	-	144,878
Franchise taxes	87,139	-	87,139	88,045	-	88,045
Other taxes	193,104	-	193,104	33,868	-	33,868
Motor vehicle in lieu	409,738	-	409,738	384,193	-	384,193
Use of money and property	70,089	54,438	124,527	64,031	44,130	108,161
Contributed capital	-	211,300	211,300	-	207,471	207,471
Other general	16,694	47,445	64,139	46,149	67,802	113,951
Total revenues	<u>2,942,526</u>	<u>2,834,521</u>	<u>5,777,047</u>	<u>1,917,646</u>	<u>2,947,280</u>	<u>4,864,926</u>
Expenses:						
Governmental activities:						
General government	302,068	-	302,068	391,694	-	391,694
Public safety - Police	786,994	-	786,994	669,547	-	669,547
Public works	319,966	-	319,966	214,838	-	214,838
Planning and building	121,821	-	121,821	59,994	-	59,994
Recycling	8,266	-	8,266	7,490	-	7,490
Business-type activities:						
Sewer	-	1,639,983	1,639,983	-	1,542,953	1,542,953
Water	-	911,123	911,123	-	1,099,863	1,099,863
Total expenses	<u>1,539,115</u>	<u>2,551,106</u>	<u>4,090,221</u>	<u>1,343,563</u>	<u>2,642,816</u>	<u>3,986,379</u>
Excess (Deficiency) of revenues over expenditures before transfers	1,403,411	283,415	1,686,826	574,083	304,464	878,547
Transfers	-	-	-	5,834	(5,834)	-
Change in net position	1,403,411	283,415	1,686,826	579,917	298,630	878,547
Net position:						
Beginning of year	8,459,670	19,876,232	28,335,902	7,879,753	19,577,602	27,457,355
End of year	<u>\$ 9,863,081</u>	<u>\$ 20,159,647</u>	<u>\$ 30,022,728</u>	<u>\$ 8,459,670</u>	<u>\$ 19,876,232</u>	<u>\$ 28,335,902</u>

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2020, and 2019, are as follows:

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 302,068	\$ 252,452	\$ 391,694	\$ 272,427
Public safety - Police	786,994	604,126	669,547	520,800
Public works	319,966	(702,169)	214,838	(49,795)
Planning and building	121,821	84,679	59,994	59,994
Recycling	8,266	(967)	7,490	7,490
Total	<u>\$ 1,539,115</u>	<u>\$ 238,121</u>	<u>\$ 1,343,563</u>	<u>\$ 810,916</u>

Total expenses for governmental activities were \$1,539,115 which was \$195,552 or 15% more than the prior year. Public Works had a negative "Net Cost of Services" due to the addition of infrastructure funded by a grant from the State through the Active Transportation Program (ATP).

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2018

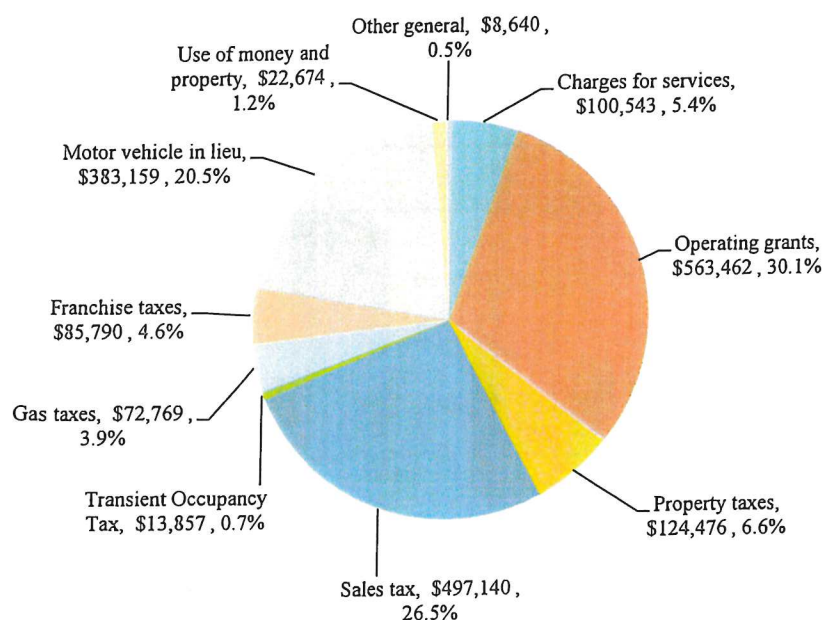
Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

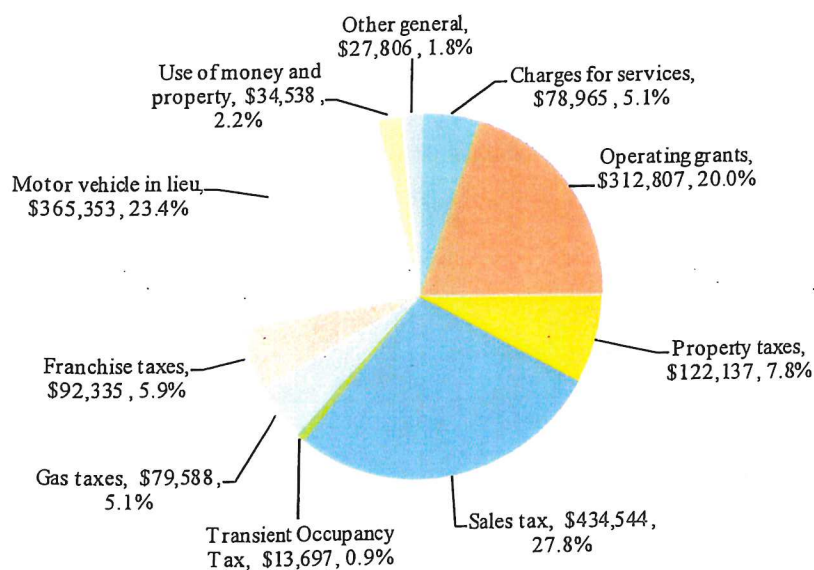
Governmental Activities, continued

Revenues by source for the fiscal years ended June 30, 2018, and 2017, are as follows:

Revenues by Source - Governmental Activities 2018



Revenues by Source - Governmental Activities 2017



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2018

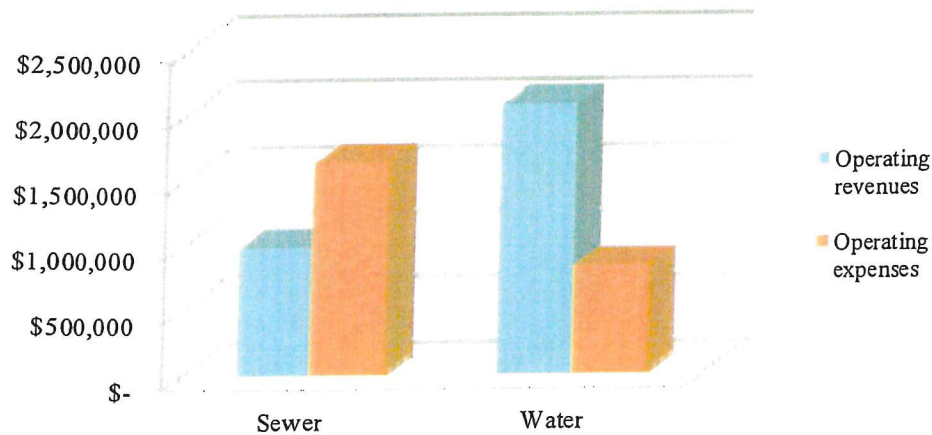
Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

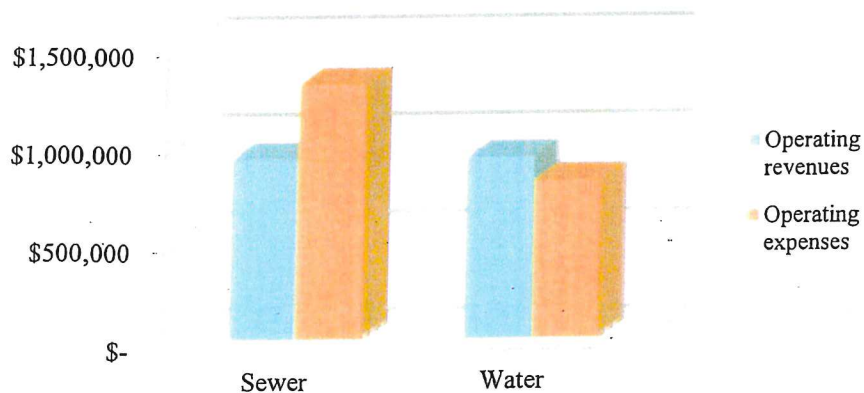
Business-type Activities

Business-type activities have increased the City's net position by \$1,124,647. The City has two business-type activities: Sewer and Water Operations. The operating revenues and expenses for the business-type activities for the fiscal years ended June 30, 2018, and 2017, are as follows:

**Operating Revenues and Expenses
 Business-type Activities
 2018**



**Operating Revenues and Expenses
 Business-type Activities
 2017**



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2018

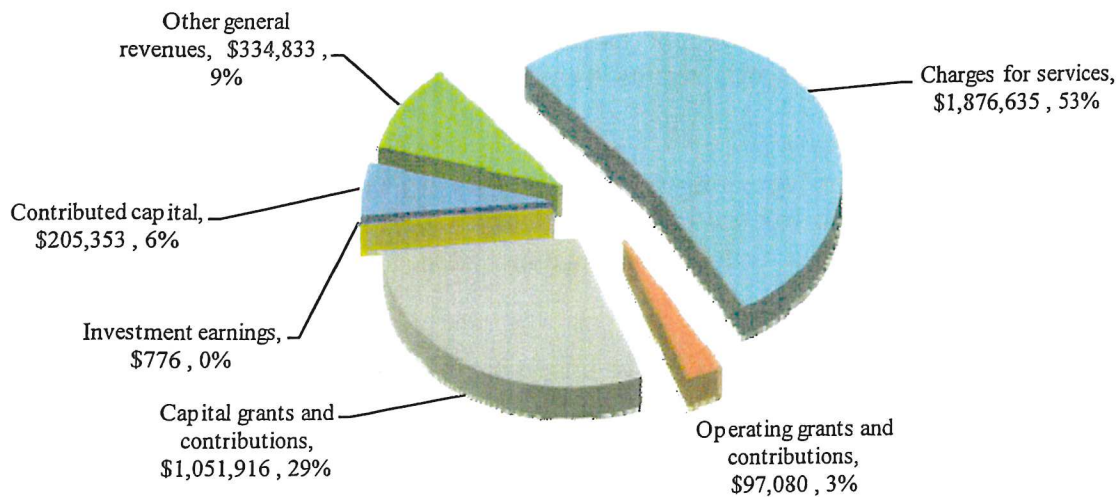
Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

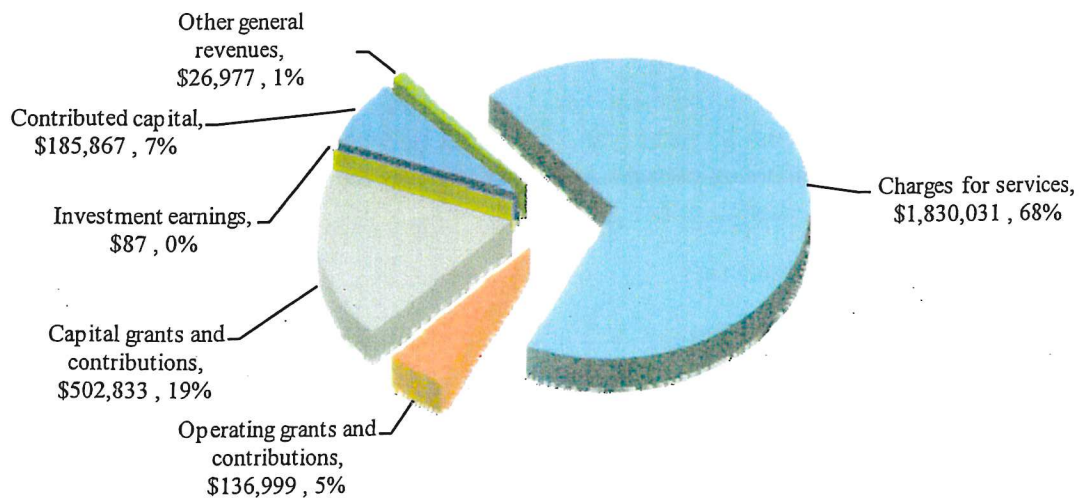
Business-type Activities, continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2018, and 2017, are as follows:

Revenues by Source - Business-type Activities 2017



Revenues by Source - Business-type Activities 2017



City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government's Funds

The City of Rio Dell uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.

Governmental funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2018, the City's governmental funds reported combined fund balances of \$2,131,706. This is an increase of \$102,585 or 5% from last year. This primarily results from revenues exceeding expenditures in the various governmental funds.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2018, General Fund unassigned fund balance totaled \$1,573,748. This is an increase of \$200,589 from the prior year. This increase resulted from higher than anticipated sales tax revenues, as well as significant budgetary savings.

The governmental funds allowed the City to undertake several capital and special projects in FY 2017/18. This included Community Services Block Grant (CDBG) funds for ADA access to City Hall with a new front entrance and walkways. The State provided funds through the Active Transportation Program (ATP) which will enhance non-motorized user safety on City streets. ATP funding is meant to encourage increased use of active modes of transportation. General fund monies were spent towards a lawn mower for Public Works, street striping, and a drainage survey in the area of Belleview and Ogle. The governmental funds projects totaled \$449,800 towards capital improvements and special projects in FY 2017/18.

Proprietary funds. The City ended the fiscal year with \$2,973,399 reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the investment in capital assets net of related debt). This is an increase of \$283,320 from 2017. The increase is a result of the change in net position in the water funds. The sewer funds on the other hand reflect a negative change in net position.

General Fund Budgetary Highlights

The difference between the final budget and actual revenues differs favorably by \$182,488, or 18% over budgeted amounts. This was mainly due to increased retail sales tax and Measure U revenue. The difference between the final budget and actual expenditures differs favorably by \$279,082. A large portion is from budgeted capital outlay expenditures that were unspent. In particular, capital outlay for the City's upgraded entrance was budgeted at \$332,273. Actual expenditures were \$289,158, for budgetary savings of \$43,115.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

There was a \$2,132,234 difference between the total original expenditure budget and the total final amended budget. Actual expenditures in comparison to the final budget were \$1,572,831 under budget (24% under budget). This resulted primarily from unspent capital outlay appropriations for several projects.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amount to \$28,172,440. This investment in capital assets includes land, construction in progress, streets, medians, sidewalks, buildings, water and sewer infrastructure, machinery, equipment, and vehicles.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 627,945	\$ 627,945	\$ 507,859	\$ 507,859	\$ 1,135,804	\$ 1,135,804
Construction in progress	1,107,729	183,295	-	-	1,107,729	183,295
Buildings and structures	290,970	302,953	11,896	18,283	302,866	321,236
Equipment	68,469	19,683	233,422	249,355	301,891	269,038
Vehicles	36,310	17,833	45,677	95,084	81,987	112,917
Streets and roads	1,712,651	1,754,723	-	-	1,712,651	1,754,723
Infrastructures	1,846,613	1,894,739	21,682,899	22,429,430	23,529,512	24,324,169
Total	<u>\$ 5,690,687</u>	<u>\$ 4,801,171</u>	<u>\$ 22,481,753</u>	<u>\$ 23,300,011</u>	<u>\$ 28,172,440</u>	<u>\$ 28,101,182</u>

More detail of the capital assets and current activity can be found in the notes to the financial statements on page 49 for significant accounting policies and Note 5 on pages 59 – 60 for other capital asset information.

Long-Term Debt

At June 30, 2020, the City had \$6,970,791 in long-term liabilities. Additional information about the City's long-term debt can be found in Note 7 to the basic financial statements.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Compensated absences	\$ 36,759	\$ 36,344	\$ 40,092	\$ 35,820	\$ 76,851	\$ 72,164
Safe Drinking Water Loan	-	-	1,292,000	1,428,000	1,292,000	1,428,000
FMHA Special Assessment Bonds	-	-	-	-	-	-
State of California Water Resources Control Board	-	-	5,601,940	5,777,762	5,601,940	5,777,762
Total	<u>\$ 36,759</u>	<u>\$ 36,344</u>	<u>\$ 6,934,032</u>	<u>\$ 7,241,582</u>	<u>\$ 6,970,791</u>	<u>\$ 7,277,926</u>

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

Economic Outlook and Next Year's Budget and Rates

The budget for Fiscal Year 2020-21, was adopted on June 16, 2020, is balanced and the economic outlook for the near term is uncertain but considered stable. The overall stabilization is a result of a diverse tax base due the passage of Measure J (1% sales tax) and Measure X (cannabis tax), a lack of pension debt and utility rates that currently meet operating and capital costs. Additionally, the City has made efforts over the past several years to contain and control expenditures.

Tax revenues, particularly property and sales taxes, continue to be steady through economic cycles which provides stability to the City's financial position. These revenues have increased modestly and have seen minimal impacts from the pandemic. In addition, the City's tax revenue base was broadened with the passage of Measure U in 2014, the City's 1% add-on tax. Measure U expired in 2020 and thanks to community support Measure J was passed and extends the sales tax through 2024.

The City's business tax on medical and recreational marijuana, Measure X was voted in on November 7, 2017. Measure X taxes approved and permitted commercial cannabis activity within the City limits. Estimated cannabis tax revenues exceed property tax revenues for the first time in the FY 2020-21 budget. Maintaining and growing the City's revenue base continues to be a high priority.

The City's traditional revenue base is not keeping up with expenses. Salary and benefits costs are the largest expense category and it has become a challenge to provide salaries that are competitive enough to recruit and retain qualified employees. Additionally, costs for other services continue to rise such as dispatch, information systems and animal control. It is anticipated that the cost of doing business will continue to increase.

It has been over five years since a rate study has been done for sewer and water services. The budget contains funding for a new rate study. Regulatory oversight, capital planning and replacement and employee retention are factors contributing to the need for a rate review and update. The City must go through the Proposition 218 process to continue to add an annual inflation factor to rates because the authority expires after five years.

In summary, the City enters FY 2020-21 in a strong financial position due to past efforts made to stabilize both revenues and expenditures. The budget for FY 2020-21 reinvests in the city, maintains services and reserves and creates a path forward to recover from the economic impacts of the pandemic. While vulnerabilities exist, some within the City's control and some not, the City believes it has taken, and will continue to take, the actions necessary to create a sustainable financial future.

Requests for Information

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report, or need additional financial information contact the City of Rio Dell Finance Department, 675, Rio Dell, CA 95562.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

City of Rio Dell, California
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 2,673,276	\$ 4,320,752	\$ 6,994,028
Receivables:			
Accounts	635,507	298,919	934,426
Intergovernmental	807,746	158,768	966,514
Interest	6,871	10,002	16,873
Loans/Notes receivable	981,950	-	981,950
Prepaid items	31,312	68,000	99,312
Total current assets	5,136,662	4,856,441	9,993,103
Noncurrent assets:			
Capital assets:			
Nondepreciable	1,735,674	507,895	2,243,569
Depreciable	3,955,013	21,973,858	25,928,871
Total noncurrent assets	5,690,687	22,481,753	28,172,440
Total assets	\$ 10,827,349	\$ 27,338,194	\$ 38,165,543
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 927,509	\$ 75,018	\$ 1,002,527
Interest payable	-	82,162	82,162
Deposits payable	-	87,335	87,335
Compensated absences - current portion	3,676	4,009	7,685
Due within one year	-	315,691	315,691
Total current liabilities	931,185	564,215	1,495,400
Noncurrent liabilities:			
Long-term liabilities:			
Compensated absences	33,083	36,083	69,166
Due after one year	-	6,578,249	6,578,249
Total noncurrent liabilities	33,083	6,614,332	6,647,415
Total liabilities	964,268	7,178,547	8,142,815
NET POSITION			
Net investment in capital assets	5,690,687	15,903,504	21,594,191
Restricted	436,569	-	436,569
Unrestricted	3,735,825	4,256,143	7,991,968
Total net position	9,863,081	20,159,647	30,022,728
Total liabilities, deferred inflows of resources and net position	\$ 10,827,349	\$ 27,338,194	\$ 38,165,543

The accompanying notes are an integral part of these basic financial statements.

City of Rio Dell, California
Statement of Activities
For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 302,068	48,860	756	\$ -
Public safety - Police	786,994	-	182,868	-
Public works	319,966	1,510	-	1,020,625
Planning and building	121,821	37,142	-	-
Recycling	8,266	4,233	5,000	-
Total governmental activities	1,539,115	91,745	188,624	1,020,625
Business-type activities:				
Sewer	1,639,983	1,321,702	64,765	-
Water	911,123	1,019,514	-	115,357
Total business-type activities	2,551,106	2,341,216	64,765	115,357
Total primary government	\$ 4,090,221	\$ 2,432,961	\$ 253,389	\$ 1,135,982

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales taxes

Transient occupancy taxes

Gas taxes

Franchise taxes

Other taxes

Intergovernmental:

State motor vehicle in-lieu tax (MVLFF)

Use of money and property

Contributed capital

Other general revenues

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position:

Beginning of year

End of year

The accompanying notes are an integral part of these basic financial statements.

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Totals
\$ (252,452)	\$ -	\$ (252,452)
(604,126)	-	(604,126)
702,169	-	702,169
(84,679)	-	(84,679)
967	-	967
(238,121)	-	(238,121)
-	(253,516)	(253,516)
-	223,748	223,748
-	(29,768)	(29,768)
(238,121)	(29,768)	(267,889)
137,848	-	137,848
573,424	-	573,424
11,797	-	11,797
141,699	-	141,699
87,139	-	87,139
193,104	-	193,104
409,738	-	525,095
70,089	54,438	124,527
-	211,300	211,300
16,694	47,445	64,139
1,641,532	313,183	1,954,715
-	-	-
1,641,532	313,183	1,954,715
1,403,411	283,415	1,686,826
8,459,670	19,876,232	28,335,902
\$ 9,863,081	\$ 20,159,647	\$ 30,022,728

This page intentionally left blank.

FUND FINANCIAL STATEMENTS
MAJOR FUNDS

Fund	Description
Governmental Funds:	Governmental funds are used for taxes and grants.
General	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
CDBG Housing Special Revenue	Accounts for activities related to housing and the related CDBG funding.

City of Rio Dell, California
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds			
	General Fund	CDBG Special Revenue	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 1,699,210	\$ 173,261	\$ 800,805	\$ 2,673,276
Receivables:				
Interest	5,195	408	1,268	6,871
Intergovernmental	-	-	807,746	807,746
Loans/Notes receivable	-	981,950	-	981,950
Other receivable	514,695	-	120,812	635,507
Due from other funds	87,758	-	-	87,758
Prepaid items	31,312	-	-	31,312
Total assets	<u>\$ 2,338,170</u>	<u>\$ 1,155,619</u>	<u>\$ 1,730,631</u>	<u>\$ 5,224,420</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 113,308	\$ -	\$ 814,201	\$ 927,509
Due to other funds	-	-	87,758	87,758
Total liabilities	<u>113,308</u>	<u>-</u>	<u>901,959</u>	<u>1,015,267</u>
Deferred inflows of resources:				
Unavailable revenue	-	981,950	-	981,950
Total deferred inflows of resources:	<u>-</u>	<u>981,950</u>	<u>-</u>	<u>981,950</u>
Total Liabilities and deferred inflows	<u>113,308</u>	<u>981,950</u>	<u>901,959</u>	<u>1,997,217</u>
Fund balances:				
Nonspendable	31,312	-	-	31,312
Restricted	-	173,669	262,900	436,569
Assigned	-	-	568,163	568,163
Unassigned (Deficit)	2,193,550	-	(2,391)	2,191,159
Total fund balances	<u>2,224,862</u>	<u>173,669</u>	<u>828,672</u>	<u>3,227,203</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,338,170</u>	<u>\$ 1,155,619</u>	<u>\$ 1,730,631</u>	<u>\$ 5,224,420</u>

The accompanying notes are an integral part of these basic financial statements.

City of Rio Dell, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances - total governmental funds **\$ 3,227,203**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 5,690,687

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Compensated absences (36,759)

Governmental funds notes receivable from various loan programs are deferred under the current financial resources measurement focus. The notes receivable are recognized in the government-wide Statement of Net Position under the accrual basis of accounting. 981,950

Net Position of governmental activities **\$ 9,863,081**

The accompanying notes are an integral part of these basic financial statements.

City of Rio Dell, California

Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position

Governmental Activities

June 30, 2020

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and investments	\$ 2,673,276	\$ -	\$ -	\$ 2,673,276
Receivables:				
Interest	6,871	-	-	6,871
Intergovernmental	807,746	-	-	807,746
Loans/Notes receivable	981,950	-	-	981,950
Other receivable	635,507	-	-	635,507
Due from other funds	87,758	(87,758)	-	-
Prepaid items	31,312	-	-	31,312
Total current assets	5,224,420	(87,758)	-	5,136,662
Noncurrent assets:				
Capital assets, net	-	-	5,690,687	5,690,687
Total noncurrent assets	-	-	5,690,687	5,690,687
Total assets	5,224,420	(87,758)	5,690,687	10,827,349
Deferred outflows of resources:				
Pension Plan	-	-	-	-
Total assets and deferred outflows of resources	\$ 5,224,420	\$ (87,758)	\$ 5,690,687	\$ 10,827,349
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 927,509	\$ -	\$ -	\$ 927,509
Due to other funds	87,758	(87,758)	-	-
Compensated absences - current portion	-	-	3,676	3,676
Total current liabilities	1,015,267	(87,758)	3,676	931,185
Noncurrent liabilities:				
Long-term liabilities:				
Compensated absences	-	-	33,083	33,083
Total noncurrent liabilities	-	-	33,083	33,083
Total liabilities	1,015,267	(87,758)	36,759	964,268
Deferred inflows of resources				
Unavailable revenue	981,950	-	(981,950)	-
Total liabilities and deferred inflows of resources:	1,997,217	(87,758)	(945,191)	964,268
FUND BALANCES/NET POSITION				
Fund balances:				
Nonspendable	31,312	(31,312)	-	-
Restricted	436,569	(436,569)	-	-
Assigned	568,163	(568,163)	-	-
Unassigned (deficit)	2,191,159	(2,191,159)	-	-
Net position:				
Net investment in capital assets	-	-	5,690,687	5,690,687
Restricted	-	-	436,569	436,569
Unrestricted	-	3,227,203	508,622	3,735,825
Total fund balances/net position	3,227,203	-	6,635,878	9,863,081
Total liabilities, deferred inflows and net position	\$ 5,224,420	\$ (87,758)	\$ 5,690,687	\$ 10,827,349

The accompanying notes are an integral part of these basic financial statements.

City of Rio Dell, California

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2020

	Major Funds			Totals
	General Fund	CDBG Special Revenue	Other Governmental Funds	
REVENUES:				
Property taxes	\$ 330,952	\$ -	\$ -	\$ 330,952
Sales taxes	573,424	-	-	573,424
Occupancy taxes	11,797	-	-	11,797
Gas tax	-	-	141,699	141,699
Intergovernmental	409,738	26,168	1,208,493	1,644,399
Licenses, permits, and franchise fees	138,509	-	39,826	178,335
Interest and use of property	51,226	12,825	6,166	70,217
Miscellaneous	13,357	-	3,886	17,243
Total revenues	1,529,003	38,993	1,400,070	2,968,066
EXPENDITURES:				
Current:				
General government	234,397	2,986	16,145	253,528
Public safety - Police	600,458	-	164,471	764,929
Public works	63,146	-	240,252	303,398
Planning and building	39,186	-	82,635	121,821
Recycling	-	-	8,266	8,266
Capital outlay	87,875	-	888,399	976,274
Total expenditures	1,025,062	2,986	1,400,168	2,428,216
REVENUES OVER (UNDER) EXPENDITURES	503,941	36,007	(98)	539,850
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	300,000	300,000
Transfers out	(300,000)	-	-	(300,000)
Total other financing sources (uses)	(300,000)	-	300,000	-
Net change in fund balances	203,941	36,007	299,902	539,850
FUND BALANCES:				
Beginning of year	2,020,921	137,662	528,770	2,687,353
End of year	\$ 2,224,862	\$ 173,669	\$ 828,672	\$ 3,227,203

The accompanying notes are an integral part of these basic financial statements.

City of Rio Dell, California

Reconciliation of Fund Basis Statements to Government-wide Statement of Activities

For the year ended June 30, 2020

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt Service	Depreciation	Capital Asset (Additions)/ Retirements	Government- wide Totals
Governmental activities:					
General government	\$ 253,528	\$ 415	\$ 48,125	\$ -	\$ 302,068
Public safety - Police	764,929		22,065	-	786,994
Public works	303,398	-	58,040	(41,472)	319,966
Planning and building	121,821	-	-	-	121,821
Recycling	8,266	-	-	-	8,266
Capital outlay	976,274	-	-	(976,274)	-
Total governmental activities	\$ 2,428,216	\$ 415	\$ 128,230	\$ (1,017,746)	\$ 1,539,115

The accompanying notes are an integral part of these basic financial statements.

City of Rio Dell, California

Reconciliation of the Statement of Revenues, Expenditures, and Changes in

Fund Balances of Governmental Funds to the Statement of Activities

For the year ended June 30, 2020

Net change in fund balances - total governmental funds	\$	539,850
--	----	---------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$	977,202	
Disposal of capital assets		40,544	
Depreciation expense		<u>(128,230)</u>	889,516

Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise, when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued.

(25,540)

Change in Net Position of governmental activities

\$ 1,403,411

The accompanying notes are an integral part of these basic financial statements.

City of Rio Dell, California

Statement of Revenues, Expenditures, and Changes in Fund Balances -

Budget to Actual - Major Funds

For the year ended June 30, 2020

	General Fund			Variance w/Final
	Budgeted Amounts			Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property taxes	146,669	146,669	330,952	\$ 184,283
Sales taxes	458,158	458,158	573,424	115,266
Occupancy taxes	13,152	13,152	11,797	(1,355)
Intergovernmental	387,346	387,346	409,738	22,392
Licenses, permits, and franchise fees	133,503	133,503	138,509	5,006
Interest and use of property	22,445	22,445	51,226	28,781
Miscellaneous	1,200	1,200	13,357	12,157
Total revenues	1,162,473	1,162,473	1,529,003	366,530
EXPENDITURES:				
Current:				
General government	252,582	249,627	234,397	15,230
Public safety - Police	682,058	682,058	600,458	81,600
Planning and public works	207,709	267,184	63,146	204,038
Building	53,928	53,928	39,186	14,742
Capital outlay	135,000	85,000	87,875	(2,875)
Total expenditures	1,331,277	1,337,797	1,025,062	312,735
REVENUES OVER (UNDER) EXPENDITURES	(168,804)	(175,324)	503,941	679,265
OTHER FINANCING SOURCES (USES):				
Transfers out	(300,000)	(300,000)	(300,000)	-
Total other financing sources (uses)	(300,000)	(300,000)	(300,000)	-
Net change in fund balances	(468,804)	(475,324)	203,941	679,265
FUND BALANCES:				
Beginning of year	2,020,921	2,020,921	2,020,921	-
End of year	\$ 1,552,117	\$ 1,545,597	\$ 2,224,862	\$ 679,265

The accompanying notes are an integral part of these basic financial statements.

CDBG Special Revenue Fund			
Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)
-	-	-	\$ -
-	-	-	-
-	-	-	-
-	-	26,168	26,168
-	-	-	-
-	-	12,825	12,825
-	-	-	-
-	-	38,993	38,993
2,461	2,461	2,986	(525)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,461	2,461	2,986	(525)
(2,461)	(2,461)	36,007	38,468
-	-	-	-
-	-	-	-
(2,461)	(2,461)	36,007	38,468
137,662	137,662	137,662	-
\$ 135,201	\$ 135,201	\$ 173,669	\$ 38,468

This page intentionally left blank.

ENTERPRISE FUNDS

Fund	Description
Major Funds:	
Sewer Fund	Accounts for the operation and maintenance of the City's wastewater treatment plant and collection facilities.
Water Fund	Accounts for the operation and maintenance of the City's water treatment and distribution system.

City of Rio Dell, California
Statement of Net Position
Proprietary Funds
June 30, 2020

	Sewer Fund	Water Fund	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 2,164,922	\$ 2,155,830	\$ 4,320,752
Receivables:			
Accounts	152,173	146,746	298,919
Assessments	-	-	-
Intergovernmental	43,411	115,357	158,768
Interest	4,549	5,453	10,002
Prepaid	-	68,000	68,000
Total current assets	2,365,055	2,491,386	4,856,441
Noncurrent assets:			
Capital assets, net	12,978,612	9,503,141	22,481,753
Total noncurrent assets	12,978,612	9,503,141	22,481,753
Total Assets	\$ 15,343,667	\$ 11,994,527	\$ 27,338,194
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 51,124	\$ 23,894	\$ 75,018
Interest payable	82,162	-	82,162
Deposits payable	52,737	34,598	87,335
Compensated absences - current portion	2,005	2,004	4,009
Due within one year	179,691	136,000	315,691
Total current liabilities	367,719	196,496	564,215
Noncurrent liabilities:			
Compensated absences	16,887	19,196	36,083
Due after one year	5,422,249	1,156,000	6,578,249
Total noncurrent liabilities	5,439,136	1,175,196	6,614,332
Total liabilities	5,806,855	1,371,692	7,178,547
Net Position:			
Net investment in capital assets	7,556,363	8,347,141	15,903,504
Unrestricted	1,980,449	2,275,694	4,256,143
Total net position	9,536,812	10,622,835	20,159,647
Total liabilities, deferred inflows of resources and net position	\$ 15,343,667	\$ 11,994,527	\$ 27,338,194

The accompanying notes are an integral part of these basic financial statements.

City of Rio Dell, California

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the year ended June 30, 2020

	Sewer Fund	Water Fund	Totals
OPERATING REVENUES:			
Charges for service	1,266,954	965,092	\$ 2,232,046
Connection fees	27,295	18,900	46,195
Late fees	27,453	35,522	62,975
Total operating revenues	<u>1,321,702</u>	<u>1,019,514</u>	<u>2,341,216</u>
OPERATING EXPENSES:			
Current operations:			
General government	280,567	210,735	491,302
Public works	663,824	440,461	1,104,285
Depreciation	571,060	259,927	830,987
Total operating expenses	<u>1,515,451</u>	<u>911,123</u>	<u>2,426,574</u>
OPERATING INCOME	<u>(193,749)</u>	<u>108,391</u>	<u>(85,358)</u>
NONOPERATING REVENUES (EXPENSES):			
Miscellaneous	4,733	40,660	45,393
Intergovernmental revenues (expenses)	64,765	115,357	180,122
Bad debt recovery (expense)	574	1,478	2,052
Interest revenue	26,105	28,333	54,438
Interest expense	(124,532)	-	(124,532)
Contributed capital	-	211,300	211,300
Total non-operating revenues, net	<u>(28,355)</u>	<u>397,128</u>	<u>368,773</u>
NET INCOME BEFORE TRANSFERS	<u>(222,104)</u>	<u>505,519</u>	<u>283,415</u>
Transfers in	-	-	-
Transfers out	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(222,104)</u>	<u>505,519</u>	<u>283,415</u>
NET POSITION:			
Beginning of year	9,758,916	10,117,316	19,876,232
End of year	<u>\$ 9,536,812</u>	<u>\$ 10,622,835</u>	<u>\$ 20,159,647</u>

The accompanying notes are an integral part of these basic financial statements.

City of Rio Dell, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

	Sewer Fund	Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/users for services provided	\$ 1,259,558	\$ 1,075,852	\$ 2,335,410
Cash payments to suppliers for goods and services	(505,162)	(307,597)	(812,759)
Cash payments to employees for services	(389,736)	(387,112)	(776,848)
Net cash provided by operating activities	364,660	381,143	745,803
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Receipts from miscellaneous	4,733	40,660	45,393
Other non-operating payments	574	116,835	117,409
Net cash used by noncapital financing activities	5,307	157,495	162,802
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants received	64,765	211,300	276,065
Acquisition and construction of capital assets	16,931	(29,660)	(12,729)
Principal paid on long term debt	(175,822)	(136,000)	(311,822)
Interest paid on long term debt	(127,110)	-	(127,110)
Net cash (used) by capital and related financing activities	(221,236)	45,640	(175,596)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	28,190	28,383	56,573
Net cash provided by investing activities	28,190	28,383	56,573
Net increase (decrease) in cash and cash equivalents	176,921	612,661	789,582
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,988,001	1,543,169	3,531,170
End of year	\$ 2,164,922	\$ 2,155,830	\$ 4,320,752
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income	\$ (193,749)	\$ 108,391	\$ (85,358)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	571,060	259,927	830,987
(Increase) decrease in current assets:			
Accounts receivable	(18,733)	(2,700)	(21,433)
Intergovernmental receivables	(43,411)	59,038	15,627
Increase (decrease) in liabilities:			
Accounts payable	43,963	(45,108)	(1,145)
Deposits payable	3,337	(484)	2,853
Compensated absences	2,193	2,079	4,272
Net cash provided by operating activities	\$ 364,660	\$ 381,143	\$ 745,803

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2020.

The accompanying notes are an integral part of these basic financial statements.

This page intentionally left blank.

FIDUCIARY ACTIVITIES

Fund	Description
Agency Fund	Used to account for assets held for distribution by the City as an agent for another entity.

City of Rio Dell, California
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2020

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 31,202
Interest receivable	<u>70</u>
Total assets	<u>31,272</u>
LIABILITIES	
Deposits in trust - due to others	<u>31,272</u>
Total Liabilities	<u>\$ 31,272</u>

The accompanying notes are an integral part of these basic financial statements.

This page intentionally left blank.

NOTES TO BASIC FINANCIAL STATEMENTS

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

Index to Notes to Basic Financial Statements

	<u>Page</u>
Note 1 - Summary of Significant Accounting Policies	43
Financial Reporting Entity.....	43
Basis of Presentation.....	44
Measurement Focus.....	46
Basis of Accounting.....	46
Assets, Liabilities, and Equity	47
Revenues, Expenditures, and Expenses.....	53
Budgetary Accounting	54
Note 2 – Cash and Investments	55
Note 3 – Accounts Receivable	58
Note 4 – Loans Receivable	58
Note 5 – Capital Assets	59
Note 6 – Accounts Payable and Accrued Liabilities	61
Note 7 – Long-term Liabilities	61
Note 8 – Net Position/Fund Balances	64
Note 9 – Interfund Transactions	66
Note 10 – Risk Management	67
Note 11 – Joint Powers Agreements	68
Note 12 – Deferred Compensation Plan	70
Note 13 – Commitments and Contingencies	70
Note 14 – New Accounting Pronouncements	70
Note 15 – Pandemic Effects	72

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Rio Dell (the City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles are described below.

Financial Reporting Entity

The City is a general law City incorporated in the State of California on February 26, 1965. The City is governed by an elected, five-member City Council. The following services are provided by the City to its citizens: public safety (police); highways and streets; drinking water; wastewater collection, treatment and disposal; public improvements; parks and recreation; planning and zoning; and general administrative services.

The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include sales taxes, other intergovernmental revenue from state and federal sources, user fees, and federal and state financial assistance.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. These component units are reported on a blended basis. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The financial statements of the individual component units, if applicable as indicated below, may be obtained by writing to the City of Rio Dell, Finance Department, 675 Wildwood Ave., Rio Dell, CA 95562.

Description of Joint Powers Agreements

The City participates in several joint power agreements (JPAs) as described in Note 11. The financial activities of the JPAs are not included in the accompanying basic financial statements because JPAs are administered by governing boards that are separate from and independent of the City.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions restricted to the operating or capital requirements of a specific function or segment. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

The City reports the following major funds:

- General Fund
- CDBG Special Revenue Fund

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Presentation, Continued

Descriptions of these funds are included on the divider page preceding the Governmental Funds Balance Sheet.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the City's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

Special Revenue Funds

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

Capital Project Funds

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

Fiduciary Funds

Agency Funds

Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net position and the Statement of Activities, governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net position, which serves as an indicator of financial position.

In the fund financial statements, the "current financial resources" measurement focus is used for governmental funds. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The enterprise funds and private purpose trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. Enterprise fund and private purpose trust funds equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

The government-wide, proprietary and fiduciary funds financial statements required by GASB Statement No. 34 are reported using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

The governmental fund financial statements are accounted for on a spending or "current financial resources" measurement focus, and the modified accrual basis of accounting. Accordingly, only current assets and liabilities (except for long-term advances from the City) are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Accounting, Continued

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after fiscal year end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, intergovernmental revenues, other taxes and investment earnings. Fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost- reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving value in exchange, include taxes, grants, entitlements and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Assets, Liabilities, and Equity

Cash Deposits and Investments

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The City's investment policy and section 53601 of the California Government Code allow the following investments:

- a) Certificates of Deposit;
- b) Obligations of the State of California.

The City does not enter into reverse repurchase agreements.

The City's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material, and it includes the effects of these adjustments in income for that fiscal year.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

The City places certain funds with the State of California's Local Agency Investment Fund (LAIF). The City is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the City's investment in this pool is reported in the accompanying financial statements based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours' notice. Included in LAIF's investments are collateralized mortgage obligations, mortgage backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net position. See Note 9 for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales and use taxes, utility user taxes, intergovernmental subventions, interest earnings, and expense reimbursements.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, utility user tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.